

NATIVES: The Fontaine Factor • FILM: Canucks and the 'Spawn Empire'

CANADA'S

WEEKLY NEWSMAGAZINE

Maclean's

Sky King

AUGUST 11, 1997

**A Canadian Jet
Revolutionizes
Air Travel**



CEO Laurent Beaudoin and
Bombardier's Regional Jet

\$3.95



From The Editor

A man with the Right Stuff



In early 1997, Dan Aykroyd starred in a CBC movie based on the scripting of the *Avro Arrow* project, providing a burst of national heart-wringing about how the Diebuster government had shut down Canada's fledgling jet industry. The conspiracy theories ran all the way to a plot by the U.S. military and the CIA to force U.S. secret weapons. Never again would Canada have an industry to call its own.

No one, it seems, told Eric McCosache. The Edmonton-born engineer, a rolling tumbleweed of a guy who admits only to being

in his "late 60s," is the visionary behind the hottest jet plane in the world—Bombardier's Canadian Regional Jet—the subject of this week's cover package. The 50-seat version is now flown by 16 airlines in 31 nations—including Air Canada, which has 26 CRJs. The jets are revolutionizing the way companies serve the short-haul market and how passengers get around. The plane also is at the heart of Bombardier's commercial success—sixth revenues of \$4 billion, the aerospace group is the number 3 commercial aircraft maker after Boeing and Airbus—not to mention an employer of 14,000 Canadians.

To be sure, there are problems with the CRJ. The company has had to repair recently discovered stress fractures in the fuselage. And seating and headroom in the small jet is tight, leaving reading space over coffee into a jiggling seat. But of course that is the convenience of cramming quickly jet between two towns without having to fly a tailcopter to a central hub and climb on a larger jet.

The aspiration for the revolution, refreshingly, was airline customers. Their clear preference for jets over props forced man-

ufacturers to build smaller craft that would be economical over short hauls. Enter McCosache, a free-thinking entrepreneur who moves in and out of companies when he is not working as a Montreal-based consultant. It is the genius of the Bombardier operation that it is willing to give people like McCosache a free hand and support for their vision. Another example is Robert Wohl, an American lawyer who was a manager for Project Mercury, which put the first American astronauts in space. Bombardier hired him to run the CRJ program in 1985. "My mission was to believe Eric's vision," he told Maclean's Senior Writer Barry Case, who wrote this week's cover package on the jet. McCosache, a graduate of the University of British Columbia, MIT and Stanford, knew the Right Stuff. In the 1960s, he had worked on the CP Air team that got the first North American commercial jets in the air. Later at Canadian, he helped to develop the company's first of water bombers.



Bombardier commuter jets in Montreal boast of new world.

company founder, taking and listening his way to the invention of the *Sto-Do*—the legendary "BOMB to GEEK"—in a garage in Quebec's Eastern Townships.

It is the stuff of legend. An engineer from Illinois has a vision. The son-in-law of the founder builds the plane that becomes the toast of the world. It ought to be a movie on the CBC.

Robert Lewis

Newsroom Notes:

Jet setting

Senior Writer Barry Case was well prepared to report this week's cover package on Bombardier Inc. Before his recent move to Toronto, Case lived for seven years as Montreal bureau chief—and the transportation conglomerate made news most weeks. He arrived in Montreal in the fall of 1989, shortly after Bombardier's revolutionary Canadian Regional Jet development program was launched. Earlier in the decade, Case also worked as a reporter



Case: From the end of Montreal to Cincinnati

in Brazil, home of Bombardier rival Embraer.

To test the CRJ, Case boarded an early morning flight from Toronto to Cincinnati, a route made feasible by the smaller, more economical jet. The flight was "comfortable enough, but somewhat cramped," Case said. Asked once to pay for most passengers: "I love it," and Case's businesswoman smile. "I used to have to fly to Chicago, three change planes to get to Cincinnati. Sometimes, it would take me all day. Now, I can do it in a little more than a hour."

The story of Bombardier's success, including an interview with CEO Laurent Bouchard, begins on page 33.

ETERNITY

for men



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Column



Barbara Amiel

Were the Swiss banks really so different?

About two weeks ago, newspapers in major cities around the world published the names of holders of Swiss bank accounts seized before the Swiss World War. This was part of the Swiss government's effort to restore its long-berating reputation for its role as bankers of the Nazis: laundered money and holders of deposits fleeing the Nazis that the Swiss have not returned to their owners or heirs.

The names on the list evoked that dull, inescapable ache that comes, particularly to Jews of European origin, at the sound of the half-baking "Goldstein, Berns—Wurms, Levy, Klags—Dwight, Mail, Robert and André and Bernhard and Bernard and Marie—Chene—Pars." How did Berch Goldstein get the family's money into Switzerland, one wonders? Did he like classical music or pop songs? Did any of the Halts survive? What did they know at the end? What did death look like? There go I, but for the lack of being born in Berlin. There went my grandfather's family and the cousin I never knew.

This is a legitimate reaction: I am certain, much more intensely by those Jews who were born in the wrong part of the world and who suffered so greatly. But the hostility to Switzerland and the racial oppression we are now dealing out to that country has problematic aspects. At the very least, it is an exercise in racial relations, and surely to have us, that trait of victims must stop.

The background is clear: The Germans had some gold, but were scrambling for cash, war being expensive. They could not sell gold to neutral countries, which meant Switzerland and its sister neutral Portugal and Sweden. Some of that gold belonged to the German Reich, some of it was looted. The looted gold came from countries the Germans occupied and the gold that they expropriated, largely from Jews in both Germany and occupied countries. Unfortunately, when such terrifying practices as extracting gold from teeth, possibly at Robert Hall and his family, was in full swing, the Germans did not mark the resulting gold bars with their serial numbers.

I don't doubt that the Swiss were unaware of the details of the Holocaust and knew as little as anyone else about the death camps. On the other hand, anyone dealing with the Nazis during that period would have known that some of their money was looted, just as anyone dealing with Al Capone would have known that all his bank deposits were not legitimately acquired. In that sense, the Swiss put themselves in the position of potential recipients of stolen goods, much as one does when tagged on the shoplifter and, "Puss," offered a brand-new Chanel scarf at a giveaway. Boies, which he had paid for. The question then becomes, should the Swiss have dealt with the Nazis at all?

This is a question that every country that wishes to stay neutral in a bitter or morally reprehensible situation faces. Switzerland was occupied by enemy troops under German occupation. Those of us far away from conflicts or nasty regimes can easily ask and tug away at them. Once in a while, we restrict trade or decide not to sell some technology or arms, but on the whole we prefer not to know too much. Has Canada stopped selling wheat to China after its extermination of hundreds of thousands of Tibetans? The continent of Africa has been weak in blood for 50 years, while the West traded and sold them its armaments.

Doublets, bits of inactive bank accounts of Swiss, slaughtered in Nigeria's 1966 civil war with a positive brutality that makes the gas chambers look merciful, would these great sins in their surviving tribesmen. Probably only Stalin can rival Hitler for murderous brutality, but no moral precepts stopped the West from dealing with Stalin when he called and murdered the Yiddis, Germans or the East Europeans. When we sold wheat to the Soviet Union on credit, we never attempted to work out what portion of repayment came from the property of looted Crimean Tatars or Gypsy inhabitants.

Canada has now established a probe to be headed by a Carleton University "financial historian" into our role in looting Swiss gold. Our Bank of Canada might have swapped some dirty Portuguese gold for rice, clean Canadian gold. Even as this inquiry goes on, Canada not only trades with Cuba but positively puts out its din with gold at dealing in property looted from Americanas. Castro is no Hitler, but Fidel's concentration camps have passed their thousands who have passed their thousands.

Banking laws vary, but in Switzerland after 10 years of inactivity a bank account is declared dormant until the owners or heirs re-activate it. In Canada, Israel or America, meanwhile, the state grabs the money from dormant accounts.

The Swiss would have been better off to have established a fund for Holocaust victims long ago from such dormant accounts. But are the Swiss really so different from anyone else? The key to all this is that most people try to do business as usual. They don't feel duty bound to determine whether or not a payment was made by child labor in the Philippines or in India.

It'll be that between 1945 and 1948 one could find a number of people in Central and Eastern Europe who, seeing an Iron Curtain descending, put their money into banks in the free West. Some of them were able to separate under that descending curtain as it followed their money. But many, many more were trapped, and ended up in gulags. Who cares a fig about their dormant accounts?

None of this is right, and I'm not trying to whitewash the Swiss, only to say they are no different from anyone else.

Opening Notes

Edited by SARAHAM WICKENS

McBean's high hopes

More McBean thought climbing the Olympic victory podium was a high. Now the podium event is about as experienced a different kind of altitude. Toronto-based McBean is one of 25 members of an expedition to the Quagon Fjord in southwestern British Columbia. Expedition leader has two goals: the first is to climb as many unclimbed peaks as possible between Aug. 2 and 11. The second is to raise \$280,000 for three charities, Kids Help Phone, the Canadian Wildlife Institute and Grenville Christian College. "When I was approached by Kids Help Phone to join the expedition, I knew I had to take it," says McBean, 39, who adds that she has never even camped before, let alone climbed a mountain. "It is an opportunity of a lifetime." What McBean lacks in experience, a fellow climber Teresa Hammer and climber Dick Bass, more than makes up for. Bass is the first person to conquer the world's seven tallest summits, and in 1965, at age 55, because the oldest man to climb Mount Everest. Besides trying to keep up with them, what does McBean think the biggest challenge of setting the 1,500- to 1,600-m peaks will be? "Fatigue, staying for a problem," she says. "I am not used to working all-day with a pack. Though right now" she adds laughter "the battle is breaking in my hiking boots."

The river provides climbing opportunity

Rude and ruder

Sure, computers have a wide range of fun, fun, educational and productivity-enhancing applications. But what they really excel at is giving users an opportunity to look back. In fact, the latest generation of computer games—those Duke Nukem to Quake—have consistently been among the most popular software titles on the market. But none compares with *Jackbox: Knave's*, a recent CD-ROM game that descends to unprecedented levels of rudeness. In the game, players control one of two characters (Klondike or Bobba) as they search through Hudson, Ark., for their pet, Beanie. Now the game's publisher, Hammer Productions of Irvine, Calif., is taping the vulgarities uttered with action software, and the *Jackbox: Knave's*—available through a secret Web site that players will need only to adults who have sworn they are over 18. Beanie producer Bill Dugan: "Bobba was a pretty lewdly defined game to start with, and it is now far and away the most profane computer game in the history of mankind." Yet another milestone for the digital age.



A team, including Eriksson's wife

Welcoming the world

What started out 34 years ago as a fun way to teach their five children geography has turned into Quebec couple into official goodwill ambassadors for Canada. When the children were little, Delphine and Maurice Dubouché spent summer vacations in their cottage on Cap Charles, a peninsula of high land that juts into the St. Lawrence River about 85 km west of Quebec City. The family began to record the port scenes of the vessels passing by and put them on a tape. Now, the Dubouchés erected a display to salute the ships with national flags and international code pennants. Then, in the early 1970s, they installed a cassette speaker system to play each ship's national anthem. In all, they have sold out more than 60,000 ships. The hobby has also made Cap Charles, where the couple now lives year-round, a popular destination for armchair fans around the world. "We love it," says river pilot Carol Noël. He adds that some sailors who have spent months at sea start to cry when they hear their national anthems. For the Dubouchés, that reaction—and the many letters and gifts they have received from admirers—is a small reward for their efforts. "Being on a ship at sea can be very lonely," says Maurice Dubouché, 66. "So it's nice for them to see that somebody cares."



Delphine (left) and Maurice Dubouché, "ambassadors of peace"

Picture of Quebec

When a journalist from a Montreal centre called took a picture of a woman outside a Longway, Que., court room in 1995, he set in motion a process that distances once again the province's distinct status. Denise Thomas slipped *Photo Judo* with a lawsuit for taking her photograph beside her boyfriend, who filed 20 charges of disturbing the peace by distributing the photo of himself. Thomas claimed the tabloid shot violated her right to privacy. In a recent ruling, the Quebec court judge agreed and awarded her \$20,000 in damages. Brian Rogers, a Toronto lawyer whose clients include a number of prominent newspapers, believes that outside Quebec the lawsuit would have been out of luck. "Quebec is unique in Canada for the protection it gives to privacy," he says. (There is no specific protection for privacy in the federal charter.)

If the decision, which is under appeal, is upheld, it "will have a major impact on any national media that go into Quebec," says lawyer Scott Robertson, who represents The Canadian Press. For that reason, the media are also eagerly awaiting a Supreme Court of Canada review in late fall of another controversial Quebec court judgment. The now-famous magazine *Play* Press and a photographer were ordered in 1991 to stop publishing Claude Aubry's \$20,000 in damages for taking and printing a photo of her sitting on a doorstep without her knowledge. District rulings for Quebec's media.

BEST-SELLERS

FICITION

1. *Red* by John Grisham, New York: Knopf (2)
2. *London* by Michael Ondaatje, New York: Knopf (2)
3. *The Girl on the Train* by Rachel Watson, New York: Knopf (2)
4. *Shantaram* by Gary Shteynberg, New York: Knopf (2)
5. *Shantaram* by Gary Shteynberg, New York: Knopf (2)
6. *Shantaram* by Gary Shteynberg, New York: Knopf (2)
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14. *Shantaram* by Gary Shteynberg, New York: Knopf (2)
15. *Shantaram* by Gary Shteynberg, New York: Knopf (2)

NONFICTION

1. *Red* by John Grisham, New York: Knopf (2)
2. *London* by Michael Ondaatje, New York: Knopf (2)
3. *The Girl on the Train* by Rachel Watson, New York: Knopf (2)
4. *Shantaram* by Gary Shteynberg, New York: Knopf (2)
5. *Shantaram* by Gary Shteynberg, New York: Knopf (2)
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13. *Shantaram* by Gary Shteynberg, New York: Knopf (2)
14. *Shantaram* by Gary Shteynberg, New York: Knopf (2)
15. *Shantaram* by Gary Shteynberg, New York: Knopf (2)

A lesson in growing up

When pre-teen writer Lisa McDaniel makes his first foray into young adult fiction with *Julian and the Whiffles Fish*, it tells the story of Julian, a young girl who—with the help of an Ojibwa friend and an ancient secret—comes to terms with her parents' divorce while ending her father at his second Lake of the Woods fishing lodge.

Passages



David: Russian journalist Sergeyevich Richter, 82, who was considered one of the world's greatest musicians, of a heart attack, in a Moscow hospital. Richter who played chamber music and solo performances, included the great Gussakov

DIED: Russian journalist Sergeyevich Richter, 82, who was considered one of the world's greatest musicians, of a heart attack, in a Moscow hospital. Richter who played chamber music and solo performances, included the great Gussakov

DIED: The last emperor of Vietnam, Bao Dai, 83, in a military hospital, in Paris. Bao Dai, who lived quietly in France for the last 40 years, was emperor of French Indochina's protectorate of Annam, now part of Vietnam, from 1925 to 1945, when he abdicated under pressure from the nationalist Communist leader Ho Chi Minh. In 1949, Bao Dai fled to the United States, but he was deported in 1955 when Ngo Dinh Diem became South Vietnam's president.

APOLOGIZED: U.S. Attorney General Janet Reno to Alberta attorney general Richard Beatty, 34, for the link of his name as it suggests in the territory that he is one person and injured 111 others at last summer's Olympic Games at a Washington news conference. Investigators still have not made any arrests.

DIVORCING: Canadian comic actor John Candy, 40, and his 10-month-old son, actor Lewis Kelly, 33, Kelly, who had filed suit in Los Angeles Superior Court citing "irreconcilable differences," is seeking support from Candy, who earns as much as \$20 million per movie.

SEPARATED: Galt, 40, and his 10-month-old son, actor Lewis Kelly, 33, Kelly, who had filed suit in Los Angeles Superior Court citing "irreconcilable differences," is seeking support from Candy, who earns as much as \$20 million per movie.

Fontaine's vision

The new grand chief aims for unity

BY JOHN DEMONT

Phil Fontaine had every reason to look haggard and humble as he donned his ornate feathered headdress last week to become the new national chief of the Assembly of First Nations. It took four ballots and 17 hours of voting, but even then the Manitoba native leader did not have enough support at the annual AFN meeting in Vancouver to oust his old rival Ovide Mercredi and become the voice of Canada's First Nations. So there was compromise, a rare thing in the rough-and-tumble world of Indian politics. With electoral officials ready to call a fifth ballot, Fontaine, the grand chief of Manitoba, and British Columbia aboriginal leader Wendy Grant-John, who had edged out Mercredi for second place, struck a deal: she would concede defeat if Fontaine agreed to back a group of B.C. chiefs locked in hard-charge negotiations with the province. At 3 a.m., Fontaine's rally wailed outside as the vote. "The need is to rethink and resignify and revive the AFN," he said in his call for unity. "There is a need to open doors and build bridges."

Last week's draining leadership contest was at least a start at a new beginning. Just two months ago, Mercredi, who best Fontaine in a bitter 1991 contest, revealed his now not to seek a third term in the \$65,000-per-year post. But by then he was a spent political force—his credibility within the native community diminished, his organization marginalized in Ottawa where his hard-line "all-or-nothing" approach to native sovereignty alienated the government. Now, the facts, at least, have changed. Fontaine, a pragmatist with an affinity for

small steps rather than broad, swift reforms, should be able to find common ground with Jane Stewart, the new federal Indian affairs minister, who seems to share his incremental approach to problem-solving. "I plan to take my own view from the assembly and as leader," she told Mercredi. "My role is not prescriptive, but to work in partnership with the assembly and other native people to find solutions."

But getting to the negotiating table is one thing—getting action is another. And Fontaine knows that the road was not only Ottawa politicians but his own skeptical people. An unhappy time to be the head of the AFN. The organization is \$1.6 billion in debt. Last month, federal officials told Indian chiefs that Ottawa would cut off the AFN's annual

move protesters who had occupied Ipperwash Provincial Park because of a land-claim dispute. Last week, the Crown announced it would speed up a broad-scale antiracism action plan, meanwhile, called for an inquiry into the role of Premier Mike Harris and his office in escalating the confrontation. The reason: leaked notes from a government strategy meeting indicated that one of Harris's aides had said that the premier wanted the native protesters "out of the park—nothing else." Ottawa continues to insist that the operation at Ipperwash was in the hands of the AFN.

Six years ago, when Mercredi took office, Canada's natives seemed destined for real progress. The handsome, charismatic Cree criminal lawyer had a seat at the table in Charlottetown in 1982, when Prime Minister Brian Mulroney and the protesters tried to rewrite the Constitution and change the face of Canada. But there was one way he could have risked that occasion was the golden moment of native power and prestige. Or that last week, on the eve of his bid for re-election, he would acknowledge in a newspaper interview that he had no victories, social progress at economic gains to show for his six years in office. "It certainly shakes my political thinking about our place in this country," he said. "I don't have the same 100-per-cent belief that I can change Canada to accommodate the First Nations."

To a certain degree, Mercredi has managed to blame. He lost his pipeline to Parliament Hill the moment he dismissed Ron Lewis, the Indian affairs minister in Jean Chretien's first government, as "a nobody." After that, Chretien refused to even return Mercredi's calls. Lewis, a blunt, crony lawyer from South Sea, Mar. Ont., simply made bilateral deals with other native leaders and treated the AFN as a toothless lobby group. Although

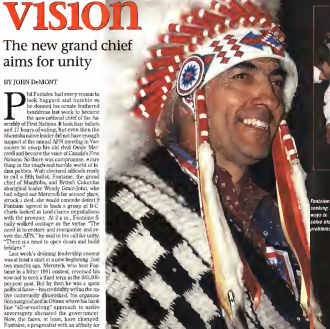
Medcredi (above left), Grant-John: four ballots, 17 hours and a compromise

Medcredi's role in the 1985 stand-off at Gwaiyana Lake, the sentences—which ranged from six months to 10 years—eroded a 10-month bid that resulted from the occupation of native land in the B.C. interior by a small fringe group of natives and their supporters who claimed the land was sacred and had never been ceded to the Crown. Last month, activists were outraged when an Ontario Court judge sentenced Ontario Provincial Police Sgt. Kevin Dwyer to just two years' less-than-day-of-concomitance service after he was found guilty of criminal negligence in the shooting death of native demonstrator Dudley George. George was killed in September, 1985, when police attempted to re-

move protesters before long had alienated many chiefs, who grew increasingly disenchanted when his confrontational approach failed to produce results in Ottawa. Any illusion he held about still holding his support for his people were himself lost during a disappointing turnout when he called for a National Day of Protest on April 17.

Some native leaders at last week's convention and the day of protest failed because there was not enough time to organize for it. But the task of ending 633 bands across the country—not only for demonstration but also to negotiate with Ottawa as one nation—is immense and perhaps impossible. "We are very diverse," concedes Robert Sutherland, 38, an Alberta Cree who works as a lawyer in Vancouver, and who attended last week's AFN convention. "Medcredi did as good a job as was possible." The problems affecting Canada's natives are certainly grim. Alcoholism, drug use and sexual abuse continue to plague reserves. The infant mortality rate is twice as high among natives in some areas, the suicide rate among young people in the Inuit is higher among Indians than other Canadians and, overall, life expectancy among natives is 68 years, compared with 75 for other Canadians.

The stories behind the statistics are even more dispiriting. Virwan LaBelle was only 39 years old and already an alcoholic when he died one night in June after being hit by



Fontaine, coming into office at 3 a.m., won the vote after 17 hours of voting



a motor home while walking across the Trans-Canada Highway west of Calgary. According to those who parted with La Belle that night on the Stoney Indian reserve, he drank as much as 11 beers before leaving the party. Shortly after his departure, the pathing ended in a stabbing that sent another reserve member to hospital for 24 stitches after he was slashed with a kitchen knife. "All of the young people get frustrated—they drink, there's no tomorrow for them," says Stoney elder Bert Wilkison.

Since the beginning of the year, eight other reserve members between the ages of 18 and 30 have been buried in the same cemetery in Lethbridge. It is also the final resting place of L. La Belle's father, who died of alcohol poisoning the year Toronto was born. "There's nothing to do—no programs for young people, no jobs," laments Wacey LaBelle, 28, Vernon's second cousin. "You get bored, and that's why people end up committing suicide."

Things should be a lot better for members of the Stoney band. Each year, the oil-rich First Nation gets \$32 million in petroleum revenues, yet social problems and unemployment are rampant. The Stoney reserve situation re-emerges periodically following a June 26 court ruling in Alberta provincial court. Considering the case of a band member convicted of abusing his wife, Judge John Kelly and he could not pass sentence until allegations of corruption on the reserve were investigated. In spite of the band's wealth, he noted, there are few social programs to aid residents. He blamed the reserve's "grievousness" and a "welfare ghetto." With evidence of political corruption on the reserve similar to that in a "honesty republic," Kelly called on the provincial justice department to investigate. "Fear, intimidation and violence appear to be a dominant part of life on this reserve," he wrote.

So far, the Alberta government has not acted on Kelly's charges. But elsewhere in the country, change may be in the air. A group of Saskatchewan Indians calling itself the First Nations Coalition for Accountability is trying to draw public attention to what it sees as on-reserve corruption. "There is no mechanism to compel leadership to fail law police set up by the band members," charges Tyronne Tootoonos of Saskatoon, one



Coping without running water on the Stoney reserve: despair

of the founders of the group. "We need a check and balance system where we can feel satisfied our money and our collective interests are being handled in a responsible and accountable fashion."

Pressure for change is also coming from young reserves—many of them politically astute and media-savvy. They know a level of despair alien to most non-Indians. That gives

Young people think there is no tomorrow

special agency to their demand for real input and influence—out part by air force—and to warnings by the most militant that a civil war could erupt among nations if the new leadership does not start listening to all Indians, instead of just the chiefs. "Our leaders have not made a big difference to our communities," says Vancouver activist Deyna. "Indian youth want to go back to traditional ways—where every Indian has a voice. We are a rebellious movement."

Fortitude may be just the start to cost them back into the fold. The 47-year-old 15-year-old divorced father of two grew up on the Fort Alexander reserve, 128 km north

of Winnipeg. He attended a Catholic residential school, where he suffered sexual and physical abuse, before going to the University of Manitoba to study political science. Several stints in the federal Indian affairs department have left him well equipped to lead his way through the maze of government bureaucracy. Fontaine is also a shy politician—a former administrator and chief of the Fort Alexander reserve band, where his legal adviser and campaign manager was Mercredi, the man who later defeated him to become national chief.

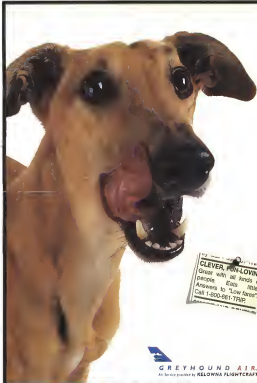
While Mercredi was an obstinate, uncompromising leader, Fontaine is more of a negotiator and dealmaker. In his victory speech, he announced he would not fight the agreements that Ottawa has been reaching with regional bands without AFN involvement—deal that the one Fontaine himself made in Manitoba to dismantle the federal Indian Affairs department in that province. "I am prepared to be conciliatory," he told reporters after his victory last

week. "I am prepared to continue, I am prepared to do what is necessary to protect the people I represent."

Those words may be music to Ottawa's ears. The first sign that a new era in federal government-Indian relations could be in the making was a congratulatory call from Chrétien to Fontaine. In an interview with Marlene Stewart, who met with Fontaine for an hour last week after his victory, said Ottawa is putting together a comprehensive plan for implementing some of the recommendations urged by the 860-million Royal Commission on Aboriginal People, whose November report the Liberals have been so

cautious at shelving. Although there is a smidgen to be more government spending, as the commission proposed, Stewart said Ottawa wants to reverse the active welfare system, give aboriginals greater self-government and settle existing land claims negotiations. Of course, those are just promises—and the First Nations have heard promises before. But there was at least reason for guarded optimism in last week's new beginning.

By DALE ESKER in Calgary and JAGGRIFF ANTONOFF in Vancouver



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Scaling down the B.C. salmon wars

From Prince Rupert to Port Hardy, Steveston to Seale, the British Columbia salmon fleet was primed for action. Almost 100,000 tonnes of fish were expected to land in the small offshore docks last week. The weather was good, and the catch was excellent. The heavy loads, barbed with multiple hooks, that trail from outriggers hanging to port and starboard. Galleries expected the catch wrapped up huge spoils on their docks, looking for holes a salmon might slip through. In all, people as many as 2,000 boats waited for federal Fisheries Minister David Anderson to give the order that would unleash them on tens of millions of spawning sockeye. Their goal: to sweep in more than 80 per cent of the silvery fish out of the sea before the sockeye rounded the coast at Vancouver Island—passing temporarily through U.S. waters—on their way to the Fraser River. Said John Redwood, president of the United Fish and Allied Workers Union, "There will be a well-planned Canadian fleet of Canada sockeye before they get to the waters there, so they don't get into American nets."

But an another week ended without a resolution in the West Coast salmon war, there was a palpable drop in the intensity of the crisis. The lowered temperature was due in part to the bulk of the salmon—and because the people who either block

Ottawa tries to cool U.S. reactions to Glen Clark

to defend American water over Clark's heated rhetoric and his support for last month's ferry blockade. The federal minister met in Seattle with the governors of the two bordering American states involved in the salmon crisis, Alaska and Washington, but the U.S. leaders politely did not invite Clark to the talks.

Even without the B.C. leader, negotiations remained stalled. Canadiana continues to insist that Americans—mainly Alaska—rescue illegally scooped close to 400,000 Canadian sockeye over a three-week period last month as they approached B.C. waters. In recent years, the Alaskan fleet has been limited to about 120,000 sockeye. Alaska's Gov. Tony Knowles refused to back away from his state's contention that the U.S. catch was unconstitutional and illegal. In response, Anderson gave approval in principle to a vigorous so-called Canada-first sockeye fishery that could begin as early as May. U.S. federal officials and industry both insisted that enough sockeye would be allowed to enter the Fraser River to ensure spawning, but Redwood said that the Canadian fleet was poised to intercept as many as possible of those fish whose route to the Fraser takes them briefly through Washington state waters around the southern tip of southern Vancouver Island.

Despite diplomatic details, the image of the Canadian negotiator



Anderson (left), Locke (center), Knowles, on hope of resolution during the current season



Fishing for sockeye at the mouth of the Fraser River, a Canada-first policy

is to place to put pressure on the states of Washington and Oregon to join to the best of Alaska to reach a settlement. "We're not out there to run their fishery," Anderson insisted in an interview with *Maclean's*. "You cannot punish Washington for what Alaska did." Moments later, though, Anderson acknowledged that he hopes the aggressive Canadian fishing makes a point in the two states to the south, where fishery rely on a substantial share of Fraser River sockeye. "Our objective," Anderson insisted, "is to restore fishing opportunities for Canadians if that results in opportunities for others being lost, well that is the inevitable result of being down water. We're down water from Alaska and we suffer from their overfishing. Washington and Oregon are down water from us. That's why we need a treaty."

The federal minister conceded he has given up hope of resolving the dispute before the end of the current fishing season in September. Instead, Canada is pinning its hopes on the work of two mediators named last month to study the issue, and an inevitable Salmon Summit that will bring Anderson, Alaska's Knowles and Washington state Gov. Gary Locke to the bargaining table later this fall. Clark has not been invited to the meeting.

But the premier appeared increasingly isolated from both Ottawa and his American neighbors, he had reasons for satisfaction. Despite

a string of political setbacks, to say nothing of a jittering provincial economy, the legislative session ended with Clark's New Democrats facing no significant threats from a weak and divided opposition. The government managed to pass two related bills last month extending the rights of salmon co-ops, but in other areas the NDP has been forced to retreat. A revolt within the party's own ranks forced Clark's cabinet to abandon plans to allow Las Vegas-style casinos on the Vancouver waterfront. An election promise to implement conflict-ata insurance tumbled in the face of an intense lobbying campaign by private insurers and the legal profession.

These setbacks piled, however, beside the collapse of proposed changes to the B.C. Labor Relations Code. Considered a critical election promise by opposition leaders, the reforms would have imposed industry-wide bargaining on the construction business and made it harder for employers to avoid unions by switching to contract service suppliers. Business groups bitterly opposed the changes—and late last month the government withdrew the legislation and appointed two panels to study its impact. "Rather than pass the bill and try to convince everybody that it's fair and balanced," Clark explained, "We graduate to step back and take a second look." British Columbia's private sector, by and large, remains unfriendly. "The government has declared war on business," declared Darcy Ross, managing director of the Vancouver Board of Trade. "And the government is winning. Business is retreating." By several important measures, so is the B.C. economy. Although overall output is expected to grow this year by as close to two per cent, per capita gross domestic product has fallen in six of the last seven years. So, for most of the 1990s, have real personal income and business investment in the economy. Almost six years after the NDP was power in British Columbia, said Helmut Pfeiffer, chief economist of the B.C. Central Credit Union, "we are out of sync with the national growth cycle."

Where Clark has been winning, however, is in political footwork. In fact, he has benefited from disaster on the opposing benches. The liberalized local opposition has lost its catch fish under leader Gordon Campbell, and, according to at least one recent poll, is tied with the leaderless Reform Party of British Columbia—which has two M.L.A.s in voter support. But Clark's posturing over salmon has also brought a wave of popular approval, said Julie Wanner, chief researcher for Maclean's Research Inc., which conducted the survey. "He played into the anti-incumbent sentiment and with a little bit of lobbying drove us, but members just turned around," she said.

With goals significant public approval for the politics of brinkmanship, the relative calm on the West Coast may come to an end when Clark returns to action after his brief hiatus. In New Brunswick, he will have an opportunity to defend a discussion paper, released last week by the B.C. government's special adviser on constitutional issues appointed M.A. Gordon Wilson. Among other options, the choice of independence for British Columbia should be separate, and rejects any part of special status for that province.

But it is fish that will preoccupy Clark—and ensure that the B.C. premier continues to preoccupy Ottawa and neighboring U.S. states. Clark has left standing a threat to force the closure of a U.S. yard to produce-testing facility near Nanaimo unless more progress is made towards a salmon settlement by the end of this month. Sources at the federal government say Clark is making a last ditch effort, short of expediting the vote, to kill Clark's intent. But whatever happens in the house, British Columbia's prickly premier may have already needed in his catch. "Right now," declared Redwood, "Glen Clark is very, very popular with fishers."

CHRIS WOOD in Vancouver

Sad land of broken dreams

Her name has been used to sell everything from chocolates to bread, from butter lingers to a highway line. But in most Acadians, the fictional heroine of Henry Wadsworth Longfellow's poem, Evangeline, has long been a symbol of pride and hope. The haunting poem, published 150 years ago, marked the first written account of the Acadian Deportation of 1755-1763—a shameful chapter in Canadian history that saw British soldiers burn Acadian villages to the ground, confiscate such landmarks as the Grand-Pré windmill and send thousands into exile. Each year, nearly 300,000 people make the trek to Grand-Pré, N.S.—a living village of Acadian life, where the Deportees—to visit the park that commemorates the event and to gaze at a bronze statue of Evangeline that stands amidst a garden of blooming flowers and weeping willow trees. It is particularly moving experience for Acadians like Guy and Barbara Roy, who brought their six children to the park last week. "It helps us to take their identity," observed Guy, a French teacher from St. David, Me. "I want them to be proud of their ancestors."

Most of those who travel to Grand-Pré are a herding community of about 30,000 people in the period of Evangeline's birth, 1760, in north-west of Atlantic—most not Acadians. They come, in fact from as far afield as New Zealand, Kenya and Japan. Some can recite parts of the Longfellow poem, which was set in Grand-Pré and later translated into 130 languages. Others are simply shocked to learn of the cruel fate of the Acadians and because of their refusal to sign a oath of allegiance to the British as a slave when Britain and France were warring for supremacy in the New World. "You think to yourself, 'Why would they do this?'" said Larbin Wolfe, a 58-year-old expatriate from Los Angeles, after a four-day week of the reconstructed church where the original deportation date was held in 1755, where Acadians did not return to the Maritime provinces. But they were not allowed to settle in areas where they had previously flourished. As a result, a place like Grand-Pré—the most populous Acadian community prior to the Deportation—today boasts only a few French-speaking families.

Acadians settled in pockets of Nova Scotia and Prince Edward Island, while many others moved into New Brunswick. As with their brethren elsewhere, the returning Acadians lived for the most part on



Evangeline's statue with university student Chantale Despres as a live embodiment of pride

as far as France. An unknown number perished along the way from hunger and disease, or in shipwrecks. Those who did reach the colonies faced a hostile reception. Rats, pest infestations and a distrust of the French meant that many Acadians would spend the next two generations searching for a place they could call home. A significant number eventually came to settle in French-speaking Louisiana—which did not become part of the United States until

the mid-1800s. But with the publication of *Evangeline*, Acadian leaders suddenly had a rallying point for their dispersed community. The American poet—who had as Acadian roots and never visited Nova Scotia—wrote of a woman who is suspended between her two loves, Gabriel, when they are put on separate ships during the Deportation. They are finally reunited (many years later—but only after Evangeline has become a nun, and Gabriel is dying of smallpox).

The poem is widely credited with sparking a renaissance in Acadian culture that continues to blossom through music, dance and theatre. It also heralded a tourist boom in the Grand-Pré region, starting as early as 1889 when a railway line arrived with two express trains: Evangeline and Gabriel.

Like most major tourist attractions, Grand-Pré plays host to thousands of visitors for much of the year, in a landscape just as beautiful as the one that inspired it. But for others it is something far more special. "Grand-Pré has become almost a pilgrimage site," explains park director Donna Desautels, herself an Acadian from northern New Brunswick. "Doubtless that gratitude towards the statue of Evangeline, who is depicted casting a mournful backward glance at the land she must leave behind. 'For us,'" says Desautels quietly, "this is all very real."

DEAN BERGMAN

PLANNING STRATEGY

Meeting in Edmonton in advance of the Aug. 6 to 8 premiers' conference in St. Andrew's, N.B., Alberta's Ralph Klein and Ontario's Mike Harris said the cause of unity would be best served by a further strengthening of provincial powers. A major aim is now shared only proposed by the Ottawa-based Business Council on National Issues. It rejects the term "federalist society," but urges the premiers to introduce reforms in their legislatures acknowledging that Quebec's national assembly has a responsibility to "improve and promote the Quebec character of Quebec society." Harris promised to examine the proposal.

FIGHTING CANCER

The annual mortality rate for women with breast cancer dropped to 28.4 per 100,000 patients in 1995, down from a 1989 peak of 31.3, Statistics Canada said. Improved treatment and detection were credited. There was also good news for men with advanced prostate cancer. An Ontario Cancer Institute study concluded that adding hormone treatment to the traditional radiation therapy increased their five-year survival rate by 17 per cent.

A KILLING DENIED

Larry Fisher appeared in a Saskatchewan court accused of the rape and murder of Gail Miller in 1969. He wanted no plea, but Fisher's lawyer issued a statement saying his client is not guilty. Fisher was scheduled to return to court on Aug. 7. David Milgaard, who spent almost 25 years in jail for Miller's death, was exonerated by new DNA evidence last month.

HUNT FOR NAZI GOLD

The Bank of Canada confirmed that it owns two transactions in 1944 that transferred four tonnes of gold from the Swiss central bank to the central bank of Portugal. The Canadian bank also named Canadian university historian Duncan McDowell to investigate whether it was gold looted by Nazis.

MURDERS UP, CRIME DOWN

Murders in Canada increased by six per cent in 1995, partly due to multiple slayings related to domestic violence. In all, 533 people were killed, 45 more than in 1994. Statistics Canada said most of the crimes, however, decreased for the fifth year in a row.



Red Cross blood bank: a new national blood agency will take over

The Red Cross bows out

It marked the end of a 55-year era. Last week, on behalf of the country's health ministers, the federal minister Allan Rock and Senator King, his New Brunswick counterpart, officially notified the Canadian Red Cross Society that it would no longer be in charge of the country's blood system. The ministers, who denied last year to establish a new blood agency, left the door open for Red Cross involvement in donor recruitment. But in the end, the beleaguered society said so,

Chandless were infected with AIDS or hepatitis C from tainted blood products in the 1980s. But others warned of disruptions in the blood supply, which is already suffering from a decline in blood donations. "It is essential that donors continue to donate to help another Canadian," said Darlene Wason, president of the Canadian Hemophilia Society. "People should remember there's a child, a grandparent or a transplant patient who is desperately in need of that blood."

JUSTICE

An F for the prosecution

Criticizing rampant abuse by prosecutors and police, Ontario Court Justice Stephen Gilmore stayed legal proceedings against two men accused of the 1983 con-

tract killing of suspected communist Dominic Pecore. Gilmore said that it persisted at such length during the initial prosecution of these men, I can only conclude it was deliberate. Gilmore stayed in a ruling released last week. "Initially every hint of doubt in the evidence that would have been of benefit to the defence went undisclosed."

North America's worst polluters

Three Canadian provinces were among the top 20 states or provincial polluters in North America, as measured by the Commission for Environmental Co-operation. The agency set up under the North American Free Trade Agreement to monitor the environment, said 1994 data for the ranking. The top five polluters were industrial, commercial, and other sources, including the following:

1. Texas	11. Indiana
2. Tennessee	12. Quebec
3. Ontario	13. North Carolina
4. Ohio	14. Florida
5. Louisiana	15. Missouri
6. Illinois	16. Utah
7. Alabama	17. Alberta
8. Pennsylvania	18. Virginia
9. Michigan	19. South Carolina
10. Mississippi	20. Georgia

Mayhem in themarket

In watermelon season in Jerusalem, and Tison April thought he might have bought a big fresh melon for his family. But as he strolled onto the Mahaneh Yehuda, the bustling Jewish market in the heart of the city, a massive explosion went down and fruit flying past him. "It is a miracle, only a miracle, that I'm alive," April, 38, told his frantic daughter, who found him in hospital a few hours later. "All around me people died."

Two Palestinian suicide bombers, apparently working for an Islamic militant group, had blown themselves up in the center of the market, leaving burned and bleeding bodies strewn through the narrow aisles. April almost everything, as if mocking the tragedy, he colorful smashed watermelons. Fifteen people died, 175 were wounded, and the longed-for Middle East peace process was dealt another blow. "It is in a peace, if this is what we will pay for peace," said April. "Then I think we should just go straight to war."

That won't happen, of course—yet even the frosty state of the peace process, these might as well be an undeclared war. Talks between Israel and the Palestine Liberation Organization have been held for the past five months; due to Israeli plans to build a Jewish settlement on the outskirts of Amman, Jerusalem. While the two "partners in peace" have never been fond of each other in recent months they have leaped into open and bitter hostility.

But last Wednesday afternoon, as April went shopping, there was a hint of optimism in the air in Jerusalem. The deadline had been broken, and peace talks were due to start again shortly. Dennis Ross, the U.S. special envoy to the Middle East, was expected there that night, and newspaper headlines were full of "new ideas." In a city where the armed leadership lives in nearly open, both the Arab and the Jewish press were full of phrases like "progress" and "breakthrough."

The two market explosions, only seconds apart, burst that bubble of hope. "People flew in the air without legs, without arms, without clothes," said one witness, 49-year-old Sarah Yarnat. As dozens of ambulances took away the dead and injured, Israeli youths shouted "Death to Arabs" and "Kill them all." Prime Minister Benjamin Netanyahu immediately blamed PLO leader Yasser Arafat. When a distraught Arafat telephoned to offer his condolences, Netanyahu at first refused to take the call, then gave Arafat



Emergency crews at scene: 'It is a miracle that I am alive. All around me people died.'

a stern rebuke. "We are not interested in condolences," he said afterward. "We want them to stop the terror."

Israel arrested nearly 80 Palestinians, most of them members of the militant Muslim group Hamas, but nothing was known for sure about the identity of the bombers or for whom they were working. In a separate trial, police in New York City arrested three Middle Eastern men on Thursday night and seized five pipe bombs. Officials said they had been tipped that the men had ties to Hamas and were planning a Jerusalem-style attack on the New York subway system. One of the men, Palestinian Ghani Ibrahim Abu Marhbi, 23, had previously lived in Canada, according to his brother Nur, who lives in the West Bank town of Hebron.

Shortly after the Jerusalem attack, Netanyahu closed himself with his security cabinet. They emerged with a list of demands: Arafat had to extradite Palestinians wanted by Israel, take "pre-emptive steps" against high-ranking Islamic law police force who are accused of paying attacks on Israelis, and resume full co-operation with Israeli security services. Until he did, Netanyahu said,

Netanyahu and his wife, Sara, visit a victim in hospital, moments after the attack



there would be no negotiations. Netanyahu called his list of demands "reasonable, indeed 'basic,'" given the peace process. But to Palestinian analysts, he could hardly have handed Arafat a more impossible task. "There is simply no way Arafat can do this," said Khalil Shugart, the Center for Palestine Research and Studies, a Nablus, 10-mile, "Israel has weakened him so much he is fighting for his own survival. If he does what Israel demands, he will be discredited and any recovery."

In March, 1996, after a series of bus bombings that left 66 Israelis dead, Arafat did little to force an action against his militant Muslim opposition. He killed more than 2,000 people, both leaders and rank-and-file members of Hamas and the equally extremist Islamic Jihad. Local rumors said the two radical groups had been expelled, probably permanently, and Arafat had, however, "become stronger than his enemies. After that, he had just been elected president of the Palestinian Authority, and his public legitimacy was high. The economic situation was good, the peace process was going well. 'Today, none of those things are true,' said Shugart. "Plus, Arafat is facing wide allegations of corruption and abuses of human rights." In fact, only hours before the bombing, the Palestinian legislative council had denounced that the parliament dismiss his entire 11-member cabinet, saying it was riddled with "corruption and abuses of power." Later, seven of the ministers offered to resign.

Palestinian police have made some arrests in the West Bank since they control, but Arafat is in no position to start another sweeping crackdown: he cannot afford to be seen as leading to Israeli demands. And while suicide bombings are not contained by the majority of Palestinians, Hamas does have a solid support base in a political party. Some analysts question how much Arafat could do to stop such attacks anyway. Local Hamas leaders seemed as shocked by the latest explosion as Israelis. In recent months, Arafat had succeeded in drawing them into the political mainstream, and they had almost as much to lose as he did in this attack. Palestinian analysts said the bombers may have been, like the one who killed

three Israelis in a Tel Aviv bus blast in March, part of a small and secret splinter cell of the Hamas military wing. The March cell was from a West Bank village, still under Israeli security control.

"Israel is telling Arafat to do something that they were never able to do themselves," said political scientist Ghassan Khushf, noting that all of Israel's elaborate security procedures have proved incapable of stopping determined bombers. Instead, he said, Israeli military should be asking the machines some tough questions. "Don't they wonder why there are so many 20-year-olds who are eager to commit suicide? They need to think about what kind of a life could be so difficult that young people are willing to die for it."

Palestinians agree that last week's bombing, and earlier ones, are a result of Israeli policies and the widespread despair that grips the West Bank and Gaza. Netanyahu's determination to expand Israeli settlement in the West Bank, in particular, has eroded Palestinian support for the peace process. The Israeli closure of the Palestinian territories, which cripples the economy, has added to friction, Khushf said. "It is tragic that the response we saw was so bloody, so savage. But it was inevitable that a response would be a response."

What happens next? Palestinian pundits believe that Arafat will take some localized action against Hamas and Islamic Jihad when he finds out who was responsible for the bombing, and he will try to get the mosque and anti-Israeli factions of his police force under control. Then, he will have to try to wait out Israeli anger, hoping his own population does not erupt first.

Netanyahu, meanwhile, has some reasons for his own to do. He led on the slogan "A secure peace," he promised to stop such bombings. But he has proved no more effective than the previous Labour government. Yet the attack also brought him some breathing space: he has faced increasing international criticism in recent months, particularly over settlement building. Israeli analyst Ze'ev Schiff says Netanyahu can now make a firm response, perhaps with more building. The prime minister also authorized the Israeli military, if needed, to go back into West Bank cities now controlled by Arafat. But such a move would be extremely provocative and many analysts doubted he would risk it.

Although diplomat Ross cancelled his visit last week, U.S. President Bill Clinton said the special envoy would be back in the Middle East after Israel's mourning period ends, possibly by the end of this week. Officials said he would bring a "new initiative" to secure pledges from the Palestinians to end violence and from Israel to allow the settlement building. Analysts questioned whether those ideas would be enough to restart a peace process again in a deadly war. But undoubtedly, they said, talk will start again within a few weeks. Both sides have raised too much on the process to allow it to be shattered so easily in one summer's watermelon.

STEPHANIE NOLEN in Jerusalem



The German village of Ahrich is a massive substitution of soldiers

Floods were in many of their leaders as many Members were during this spring's Red River rampage, which coincided with the federal election. "If I see a politician campaigning in my village, I will not join," said former Adam Mickiewicz House member. "The only thing I can think about is how to rebuild my house and my pigs."

Some Poles, however, managed to maintain a sense of humor during the crisis. In a badly hit region between the towns of Bydgoszcz and Włocławek, army helicopters dropped food, bottled water and medical supplies to stranded flood victims. One enterprising man painted a redcap sign reading "Bring Marlboro cigarettes, but not Camels. We also need vodka." Many promising, however, was the need to rescue those whose isolated homes were in danger of collapsing. "In one village, we picked up a woman from the roof," said Cui Jan Kasper, commander of a rescue helicopter. "Suddenly, she had two back—and the panic, she had left her two children behind."

Polish authorities were still concerned about more flooding this week. Officials evacuated 17,000 residents from the town of Słubice, but allowed 1,000 to stay after they signed a declaration taking full responsibility. "If the floods ever in the city will be flooded in 30 minutes," said local firefighter Jan Kasper. But resident Jerry Michalski, another who was not afraid to stay, because he lived on the second floor. "I have a refinery in the corner and food supplies for two weeks," he said.

Across the border in Germany, authorities had by week's end ordered 15,000 residents to leave the endangered Oderbruch region. Thousands more were warned to pack their bags. Officials said that if the floods gave way entirely in areas 50 km long and 17 km wide along the border with Poland would be isolated.

Germany and Poland were already discussing a joint approach to the European Union for financial help to modernize dikes along the Oder. But with the river still threatening, Central European leaders themselves with their own difficulties, hoping that the floods—and some good weather—continued to hold.

DANIELO HAWALESHKA with BOGDAN TURBIA in Warsaw

WORLD A deluge of anger

Central Europe suffers the worst floods in a century

The 70 km section of this gossamer the Oderbruch plain, once the breadbasket of Communist East Germany, was built by Prussian King Frederick the Great—and for the most part, has held the Oder River at bay for 250 years. But late last week, the dikes, swelled by freak torrents of rain upstream in Poland (where it is known as the Odra) and the Czech Republic in mid-July, tested the resilience of educated engineers who were at its highest level this century. German soldiers centered in the town of Bad Freienwalde measured their biggest peacetime operation since the Second World War. Despite persistent sandbagging, sections of the earthen dike crumbled, flooding houses, farms and entire villages. At week's end, a new breach in the waterlogged barrier threatened the fertile area north of Frankfurt on Oder, about 30 km east of Berlin. Said Brandenburg state spokesman Manfred Kollerichberger: "The situation is urgent."

Fortunately for the Germans, they saw the flood coming. Warned by mass destruction in Poland and the Czech Republic, where more than 300 people died and tens of thousands of others are still homeless, Germany mobilized 8,000 troops and transported, as fast as it could, to avoid fatalities. Expected damage, however, reached an estimated \$700 million. In Poland, where at the flood's peak an area the size of the Netherlands

was under water, the government said the cost of repairs could run to \$1.9 billion. In the Czech Republic, economists say the bill could top \$2.5 billion.

Lives and property were not all that were threatened in Central Europe. In Poland, critics blamed the ruling Democratic Left Alliance for being more concerned with a Sept. 21 parliamentary election campaign than with saving the country. The rift be-

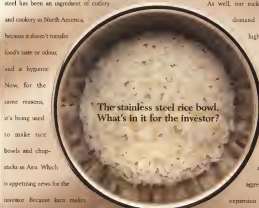


gins just as the previous parliament was congratulating itself over Poland's acceptance into NATO and a nod by U.S. President Bill Clinton. Polish President Aleksander Kwasniewski has come under heavy fire for failing to declare a state of emergency, as Czech President Václav Havel did in his country. Such a move would have necessitated a three-month postponement of the vote.

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The stainless steel rice bowl.
What's in it for the investor?

bring to the table. Inco nickel is playing a key role in many of Asia's booming industries. For instance, we make more forms of nickel for bicycles, motorcycles and

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WORLD

Mission unpredictable

[illegible]

In their more than two years patrolling High Canada's peacelingers have gotten used to the unpredictable. Sometimes it will be a political assassination, sometimes gang violence or a lynching. Just as often it will be a woman giving birth in the street, a witch doctor firing a mob for having brought too much (or not enough) rain, or a falling bull. But one thing the blue berets have gotten especially accustomed to is a dawn-to-dusk

nesses to the UN mandate that keeps them in the country. Last week, in another down-to-the-wire decision, the UN Security Council gave them a further four months in a reduced force. That one is expected to be really, truly, the last mandate.

The work is hardly finished. Haiti remains the poorest country in the Americas and its political stability is tenuous. The peacekeepers' main duty now, along with humanitarian good works, is to provide backup security for a contingent of foreign police who are needed in the field.

Canada's troops face controversy

For the increasingly embattled Prével, the central bank's role has become more contro-

versal in recent months. Last week, grassroots political groups organized general strikes in Port-au-Prince and the town of Cap-Haïtien to protest the UN presence. Demonstrators, some linked to influential former president Jean-Bertrand Aristide, claimed it was more like an "occupation" force. Some Haitians also criticize the rules of engagement, which forbid peacekeepers from intervening in local disputes or elections. "There's

to much insecurity and they do nothing to stop it," said a woman selling cigarettes last week. "What are they doing for the country?" And the mission has always been controversial at the United Nations. China has opposed it because of Haiti's links with Taiwan, while Russia has argued that UN money would now be better spent on other, potentially shakier, states, such as former Soviet republics.

In response, the Security Council reduced the new "transition" force to 1,000 troops from 1,300, and to 250 civilian police from 300. Only 50 soldiers will be UN-funded; the tab for the rest will be shared by Canada—at about \$48 million—and the United States (since the first Canadians arrived in March, 1995, the mission has cost Ottawa \$29 million). Canada will provide 650 soldiers, down from 750, while Pakistan will continue to supply the balance.

The role of the peacekeepers will put the young and inexperienced Serbian National Police in the spotlight. In 1994, after Arncliffe was restored to power by U.S. troops in the wake of a 1990 right-wing military coup, he dissolved Tito's army, leaving a huge authority vacuum. Since then, police from Canada—currently 60 from the RCMP and forces—as well as from the United States and France have been instructing the police in a country with no tradition of public policing. "It's subverting, because by itself," says a Montreal officer who worked since December 1991, "it's not here in a decade, it won't change much. It's a mix of changing the whole mentality."

ly Haitians also worry that without the troops' military muscle, the police no match for the well-armed bandits and other agents of past dictatorship who went to ground after Aristide's comeback. But Col. Jean-Guy Henry, outgoing commander of the Canadian Forces in Haiti, believes there is no longer much to be feared by followers of one

five strongmen Francisco Doc Duvalier and others. "Eighteen years ago, the danger was subversion to extreme right," he says. "Now, the danger is mostly from armed gangs."

It analysts expect the ever-popular
to return to power in 2000, when he
constantly eligible to run again
40) the peacemakers going, plenty
happen before that. Haiti, as the Cana-
know, can be as unpredictable as a
bull on the street.

DANIEL SANGER with NICOLE POLPE
in *Baroque France*

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gains — Marlene's answer was

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By Andrew Phillips

Black, proud and Republican

There are many roads to political stardom in Washington. Not many of them pass through the Ottawa Rough Riders' training camp in Picherborough, Ont. J. C. (the John C.) Watts Jr. is one of the most prominent black Republicans in the United States. But in the summer of 1981, he was a young quarterback who had already achieved a measure of fame by leading the University of Oklahoma Sooners to victory in two Orange Bowls. The Rough Riders came calling, and suddenly Watts found himself in a dormitory at Trent University in Picherborough, a stranger in a strange land not liking it at all. "I'm out in the middle of nowhere—at least what I thought was the middle of nowhere," he recalled fondly. "It was brutal." He lasted 30 hours, then took a plane home to Oklahoma.

It got better. Watts returned to the struggling Rough Riders as a wide receiver, helped win five of their last six games and took them to the Grey Cup against the Edmonton Eskimos—but fell. They lost, but it remains Ottawa's most recent trip to the Grey Cup. Watts stayed with the team until 1985 before switching to the Toronto Argonauts for the 1986 season. Along the way he acted as spokesman for an Ottawa restaurant called J. C. Alibi and picked up impressions of Canada—including the intense interest in the 1985 wedding of Prince Charles and then-lady Diana. "After looking faro country boy from Enid, Oklahoma," he says with a smile.

All that was several lifetimes ago. Since leaving the CFL, J. C. Watts, now 38, has reinvented himself many times over. He went to business, with mixed success (he invested in oil just as the market fell). And in 1988, he did something very few black Americans do: he joined the Republican party. Trading on his fame in football (Oklahoma's and field state religion), he became the first African American to win statewide office in 1991. Four years later, he ran for the House of Representatives in a district that is only seven per cent black. From the start, Republicans saw him as a hot property and needed to help him out. George Bush, Newt Gingrich, Bob Dole and even Charlton Heston campaigned for him. When he won and went to Washington, they showed him *Let August*. Watts made a key speech at the Republican convention in San Diego, and in February he delivered the party's official response to President Bill Clinton's state of the union address. He was the most junior congressman ever to do so—and the first black.

Republicans need Watts to convince black voters that, at heart, they are not what they have seemed to be for the past 30 years, the party of white America. It's a tough sell. For two generations, Democrats have cornered the market on civil rights and minority

issues, a minuscule nine per cent of African-Americans identify themselves as Republicans. What's more, Watts is not just a Republican, but a conservative, anti-government Republican who embraces the values of the Christian right. His message to black voters turns everything most of them believe on its head: government is not your friend, he says, it's your worst enemy. Black people, he argues, traditionally relied on family and church—but government anti-governance programs have destroyed their families and torn their communities apart. "Rather than erasing poverty, they've spread it," he says. "We have deeper poverty after spending over \$6 trillion than we had 50 years ago."

There is no love lost between Watts and most established black leaders. They regard him as, at worst, a sell-out, and at best, someone who benefited from the older generation's struggle for economic equality and now disdains it. Watts, in turn, has denounced "income-busting poverty programs" who talk about freeing blacks but really want to keep them in government handouts. "What scares them the most," he has said, "is that black people might break out of that racial group thing and start working for themselves." And he flatly opposes affirmative action—harshly for a minority politician. "You can't do anything about your skin color, and I can't do anything about mine. You just can't solve discrimination with discrimination."

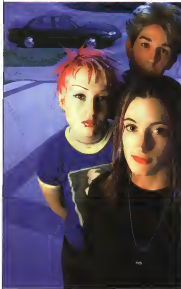
Watts' own story, though, shows that race is anything but accidental. He grew up as the son of a policeman and part-time farmer at a time (in small-town Oklahoma when blacks were still relegated to the balcony of the local movie theater. He was the first black quarterback of his high school football team, and remembers white players quailing to prove it. "There's no one in Congress," he says, "who's been called nigger more times than J. C. Watts." His formula for overcoming such problems is straightforward, bordering on simplistic: "Hard work, sacrifice, commitment." In Congress, he has translated that into a proposal to create so-called Revolving Communities promoting growth in poor areas. They would feature tax breaks for new businesses and bypass federal bureaucrats by distributing money through churches and private charities.

All that makes Watts a Republican hero, but so far there is little sign that African-Americans are listening. He puts his hopes on the underlying conservatism of black society. Polls show that about a quarter of black Americans regard themselves as conservatives, far more than others. They want lower taxes and tougher anti-crime laws. And a growing movement of black conservatives in universities is questioning the welfare state. But it's a lonely struggle—even lonelier, perhaps, than being an Oklahoma farm boy suddenly stranded in small-town Ontario.



Watts, the Ottawa Rough Riders star, is now a congressman

You taught her to drive. You must have known sooner or later she was going to ask: "Hey Dad, can I borrow the car?" You're not sure what to worry about first. Her driving or your car. If the car in question is the



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CUTTING U.S. TAXES

The U.S. Congress passed landmark legislation that cuts Americans' taxes and sets out a plan to balance the federal budget by 2002. President Bill Clinton hailed the long-sought bipartisan agreement, which provides substantial tax breaks for families, education and retirement, and reduces capital-gains levies to 20 per cent from 25 per cent. Initial budget cuts will come from Medicare, but critics questioned whether Congress would have the will to cut other unpopulated programs.

CORRUPTION INDEX

With a score of 90.1, Canada placed fifth in an index of corruption in 96 nations, behind Denmark (94), Finland, Sweden and New Zealand. The Corruption Perceptions Index, released by Berkeley-based Transparency International, placed Mexico last at 1.38. The group, which lobbies for tougher anti-grabery laws, said wealthy nations share the blame for Third World corruption.

AUSTRALIAN SKI DISASTER

Rescuers pulled a 27-year-old ski instructor, Stuart Dyer, alive from under tonnes of rubble 2 1/2 days after a avalanche destroyed two ski lodges at a resort in Australia's Snowy Mountains. But he faced for 19 other Australians, a New Zealander and an American couple buried in earth, rock and ice. The state, 400 km south of Sydney, sent one lodge crashing down into the other.

MINAMATA CLEANED UP

A local authority said it is now safe to eat fish from the polluted Japanese bay that became a symbol of environmental disaster and gave the town "Minamata disease." Hundreds died from eating fish containing mercury dumped into Minamata Bay by chemical companies in the 1950s and '60s. Many babies were born deformed. The state governor said he would remove a dam that has kept fish from leaving the bay since 1974.

CUNANAN AND GYPS

Andrew Cunanan, the gay gypsy who allegedly murdered designer Gianni Versace, has been charged with the murder of a 19-year-old woman, who was not involved with AIDS when he died. The Miami Herald reported. The autopsy result suggested specialisation that Cunanan started a killing spree against people he suspected of infecting him.



POL POT REVEALED:

Cambodia's former dictator is brought to his show trial at a jungle camp of the Khmer Rouge insurgents he long led. The first known picture of Pol Pot in 11 years was taken by an American correspondent who attended. It confirmed the man responsible for the deaths of up to two million Cambodians during his bloody four-year regime in the 1970s is still alive, but ailing. At the trial, run by Khmer Rouge rivals evidently hoping to gain international legitimacy, Pol Pot, 66, was convicted of betraying the group and sentenced to house arrest for life. Cambodian leader Hun Sen said he wanted to see Pol Pot tried in an international tribunal.

Axworthy takes aim at Burma

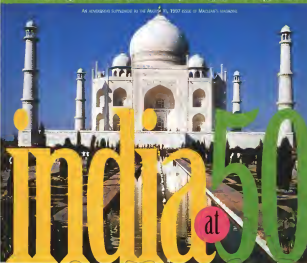
In Southeast Asian neighbors may have accepted Burma into their trading alliance, but Canada is bent on economically isolating the repressive military state. Addressing a meeting in Malaysia of the Association of South East Asian Nations, where Burma was admitted last week, Foreign Affairs Minister Lloyd Axworthy announced that Canada would impose some form of sanctions to pressure the country, known officially as Myanmar, into improving its human rights record. In April, the United States took the lead among critics of the ruling junta—which grabbed power and heavy bloodshed in 1988—by banning new investments in Burma. The European Union has also taken positive measures.

The goal, says for Canada came at the ASEAN meeting, when Burmese Foreign Minister U Hla Gyi said he rejected Axworthy's invitation to discuss human rights issues. "We did not see any willingness to engage," Axworthy said later. Officials said Canada is considering banning investments. At home, opposition critics attacked the Liberal decision to target Burma while ignoring abuses by some significant trading partners such as China and India. An Ottawa official responded that with these countries, "we feel we have a relationship that allows for engagement." Activists were pleased. "We have been lobbying for this for a long time," said Christine Eberhart, co-director of the Canadian Friends of Burma.

Challenging Helms

Massachusetts Gov. William Weld signed a medical observers by issuing his office to pursue a seriously ill male patient because U.S. Ambassador to Mexico President Bill Clinton announced Weld for the post, but Jesse Helms, powerful chairman of the Senate Foreign Relations Committee, refused to hold hearings on his confirmation, effectively blocking it.

Although Weld is a fellow Republican and conservative Helms objects to the congressman's support for the medical use of marijuana and his moderate stance on social issues. Many analysts see the standoff as an ideological struggle for the soul of the Republican party. Weld ruled moderate governors from both parties, but Senate Republican Leader Trent Lott backed Helms. The White House, however, indicated Clinton would stand by Weld.



It was only in 1885 with the founding of the Indian National Congress that the concept of India as a nation state began to take shape in the minds of the westernized and regional Indian intellectual and political elites. These elites wanted to share the governance of India with the British who ruled it as a colony.

From 1885 to 1920, some Indian politicians wanted dominion status for India while others wanted to follow constitutional methods to secure political concessions from the British.

From 1920-1940, the political movements for self-rule matured and the continental divide in the Indian body politic, based on Hindu and Muslim identities, began to assert itself. In 1947, British India was divided into two sovereign nation

states, India and Pakistan.

The saffron, white and green flag of India, with the wheel of morality in its centre, was unfurled in New Delhi on Aug. 15, 1947. The official government motto of India, "Satyameva Jayate," is a message that India stands for the principles of equity and justice.

Since India's independence in 1947, India-Canada relations have passed through different phases. The emergence of India as an independent nation 50 years ago was warmly welcomed in Canada. Following that the two nations forged strong ties through their Commonwealth

connections. Other shared commonalities include the British parliamentary system, an independent judiciary and English as an official language.

India is a large and significant nation with a population





Go on! To India National Park



Palace of the Winds
Ajmer, Rajasthan



Rice boat on Vinayak Lake, Varanasi

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PROVINCE OF ONTARIO

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Since the dawn of time, travellers have come to India. They have come in groups like the Greeks, Romans, Persians, Portuguese, French, Dutch and British. Or as individuals like Marco Polo, Mark Twain, G.M. Fowler and Paul Theroux. (Christopher Columbus, in fact, was looking for an alternate route to India when he stumbled upon America). But whether they came in search of adventure or spiritual enlightenment, they all had one thing in common: India changed their lives forever.

Today's tourists can follow in the footsteps of these travellers and experience the same warm welcome that has been 5,000 years in the making. A trip to India is much more than a vacation; it is a travel experience that will last a lifetime.

A land of stupendous dimensions — colorful, exotic, traditional yet modern — India is truly the destination of the 90s. The varied topography, high mountain peaks, verdant valleys and cascading rivers provide an array of travel experiences.

The pomp and pageantry of India's festivals and local fairs create a sensual landscape of colorful arts and exotic spices. A shopping expedition is a journey through centuries embracing traditional crafts and artistic skills passed down throughout the ages.

A land for recreation, adventures and business, India is an increasing amalgamation of tradition and modernity.

India's stunning geography and vibrant mosaic of past and present cultures make the country an ideal vacation destination for Canadian tourists.



india50

The lofty Himalayas in the north offer a variety of adventures from trekking through the mountains to white water rafting. The deserts of Rajasthan open routes to palaces, gardens and museums. And then there is one of the seven wonders of the world, the Taj Mahal in Agra, the monument dedicated to love and beauty, a must for visitors to India. In the east the Kanyakumari Temple complex in Orissa is a sight to behold.

There is also the unspoiled beauty of the seven northeastern states with wonderful wildlife sanctuaries. The west features the great rock-cut Buddhas, Hindu and Jain shrines at Ellora and the fresco-adorned caves of Ajanta together with the world famous beaches of Goa.

Last year 74,931 Canadian tourists experienced the exotic offerings of India. A delightful destination that combines awesome adventure with historic splendour, India continues to attract thousands of Canadian tourists each year.

approaching 950 million. It has given much to Canada. The most important contribution is the more than 300,000 Indian-Canadians now living in the country who have contributed a great deal to making Canada the best country in the world to live in, and Canada's Minister of National Defence, Art Eggleston. Speaking at the annual gala dinner of the Indo-Canada Chamber of Commerce on June 23, he declared that Canada and India "are building on a strong foundation of friendship and human ties, the family ties that exist between our two countries for building on this solid base of comradery."

Trade between the two countries started increasing after India launched its economic liberalization in 1991. A few years ago, bilateral trade was stagnant at around \$600 million. Recently that figure increased to \$1 billion. Eggleston emphasized the room for growth.

"Close study of the current Indian situation has convinced Canada that the size of India's economy, its impressive growth rate, advancing industrial profile and the tremendous buying power

of the sizable middle class in India (estimated at between 250 and 300 million) represent a great opportunity for Canada," says the Canadian High Commissioner in New Delhi in a report on Indo-Canada relations.

Prime Minister Jean Chretien travelled to India at the head of the Titan Canada mission on January 1996. This marked the first official visit to India by a Canadian prime minister in 25 years. "Canada is back in India and we are here to stay," Chretien affirmed in New Delhi at the end of his visit.

Recently Sikha celebrated 100 years of their first arrival in Canada. According to a series of reports, Indo-Canadians by and large are better educated than average Canadians. A large number of them have succeeded in professions and business and

their growing affluence is evidenced at private social functions, wedding receptions, and the homes and cars that they own.

Indo-Canadian business people are now becoming more upwardly mobile, doing millions of dollars worth of business. Many of them were members of the Team Canada mission last year.

The Indo-Canadian community embraces many ethnic-cultural sub-groups including Bengalis, Goans, Gujaratis, Punjabis, Sikhs and Tamils.

With their affluence and success in professions, young Indo-Canadians, who were born, brought up and educated in Canada, are now taking pride in their home culture.

The community has matured. Relations between Canada and India have flourished as the two countries work

closely in terms of bilateral relations and at multilateral forums.

While Indo-Canadians are now celebrating the Golden Jubilee of India's independence, they are also celebrating 50 years of friendly relations between their adopted homeland and their country of origin. Canada is a success story for persons of Indian origin. And the success can be attributed to their hard work, discipline, determination, higher education and business acumen. As parents they have encouraged and supported their children in the pursuit of

higher education. Those children of yesterday have now blossomed in senior positions in the corporate world, an asset to Canada, their home that they love and cherish.



Prime Minister Jean Chrétien and his wife with author's son being taken around the Rashtrapati Bhawan (President's House) in New Delhi.

Part of India's History and Heritage

50



State Bank of India (Canada)

Toronto

Vancouver

Surrey

50th Anniversary Celebrations in Toronto

On Aug. 15, 1947, Britain handed over the reins of power to Indian leaders.

Indo-Canadians with their friends and neighbors are getting ready to converge at Nathan Phillips Square on Aug. 15, 1997 to mark the 50th anniversary of India's independence. The three-day festivities in Toronto (Aug. 15-17), are being sponsored by the Indo-Canadian Advisory Group, formed last year by a large number of community organizations to celebrate this historic occasion.

■ Aug. 15 — A flag raising ceremony at Nathan Phillips Square, cultural activities will follow to which all Canadians are invited.

■ Aug. 16 — A rally from Queen's Park with thousands of people marching and waving Indian and Canadian national flags, banners and placards, all proclaiming a close India-Canada friendship.

The marchers will then converge at Harbourfront to continue the celebrations and to share India's culture, food, costumes and crafts with other Canadians.

■ Trade Conference — a forum for businessmen and experts to discuss the larger implications of the Year 2000 with an emphasis on the vast potential of the growing Indian market in which an increasing number of Canadian businesses are taking interest.

For further information contact the Indo-Canadian Advisory Group (ICAG) at (416) 523-2699.

Coordinated by Anu Jain and Prof. R.K. Vishi University of Toronto



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Regional jet
Bombardier's
Montreal plant
the Airbus
property
in the skies

Sky King

Bombardier's new regional jet is revolutionizing the way people fly

In the aviation world, this is still talk in hushed tones about the telephone call—the one in which Bombardier Inc. finally sold away from a billion-dollar sale. It happened in June, when all of the industry's major players were gathered at the Paris Air Show. Bombardier chose the venue to unveil a pivotal \$800-million contract with American Airlines for the sale of 25 of the company's new 70-seat regional jets. In trumpeting the deal, however, Bombardier of Canada failed to specify how much bigger the deal might have been—as much as \$1.9 billion.

The story is that only days before the Paris extravaganza, Dan Gertler, president of American Airlines' regional subsidiary American Eagle,

COVER

BY BARRY CAMIE

telephoned Bombardier chairman Louis de Broglie and offered to buy an additional 12 smaller, 50-seat airplanes at \$3 million more shared off the \$20-million price tag on each plane. Broglie crisply refused, losing the sale in the process. "Some might call that arrogance," says aviation analyst Robert Moorman. "But it was also a courageous call, a demonstration of just how much faith the folks at Bombardier have in their increasingly little airplane."

Little it may be. But in terms of its impact on the global aviation business, the Montreal-based aircraft maker's Canadair Regional Jet is far from pre-stard. The CRJ is, in fact, the hottest commercial property in the skies at the moment. "Airlines everywhere are just clam-

oring to place orders for it," says Moorman, Washington-based regional aviation editor for *Air Transport World* magazine. The news has not all been positive in June. Bombardier announced that it had found fatigue fractures in the aircraft's fuselage bulkhead, necessitating reinforcement of that area with sheet metal and sparking the attention of federal regulators. Despite that setback on the program, the CRJ is radically altering airline economics as well as the entire pattern of regional air transport—in North America and Europe, now, perhaps further afield in the future. Says Moorman: "The plane has worked a revolution."

A Canadian-made revolution at that—spawned by a business jet manufactured in Canada, conceived by a savvy Canadian aeronautical

engineer with a vision and executed to near-perfection by a Canadian company with a corporate mission to create national wealth, a willingness to gamble and a genius for finding—and shrewdly exploiting—lucrative niches in the marketplace.

Take most revolutionary, the one the CRJ was wrought as driven by an elegantly simple logic. It began with the idea that jet travel could be profitable on a route where the experts at the time said it would never succeed, among the small, short-haul regional carriers that feed big airlines the world over. And succeed it has, beyond the wildest dreams of all but a few. Those once-dreary little regional airlines, the "mom-and-pop" carriers flying rickety turboprops, now represent the fastest-growing and most profitable sector in the industry. As they grow, they



COVER

THE MAKING OF A GIANT

The Bombardier engine was founded on a classically Canadian product: the snowmobile. Since then, the firm has expanded into almost every form of transportation.

are retrofitting civil aviation's "indian-specific" designs the system in place since the 1980s that serve the regional (and not passenger) airlines. The system is in a state of flux at the moment and few in the industry are sure how it will all shake out in the end. But the new regional jets, with their greater range and speed, have made it possible to extend the length of the spokes, allowing carriers to make into competitor's turf, as well as simply bypass the old hubs by flying directly "spoke-to-spoke" between locations that were required to stopover or change of aircraft at a major airport hub. "It's drawing a lot of old bag airlines into new so they try to figure out what's happening and where," says Montreal-based aviation consultant Eric McGonchie, the man whose fierce imagination he helped to create the unfolding revolution. "But we told them long ago what was likely to occur if jets were introduced into the mix. At the time, they thought we were crazy."

The people who run Bombardier certainly did not. The company's boss first brought into the concept that McGonchie and others had developed just before Bombardier purchased Canada's then federal government in 1989. Barely more than a decade later, Bombardier is the world's third largest civil aircraft manufacturer, outsold only by Boeing Co. of Seattle and Europe's Airbus consortium. The company's revenues from its aerospace divisions—\$6 billion in the most recent fiscal year, which ended on Jan. 31—already account for half of the entire conglomerate's total revenues of \$10 billion. Moreover, revenues are expected to double over the next five years, as Bombardier chairman René Benoit said delighted shareholders at the company's annual meeting last June.

Much of the credit for that success belongs to the CRJ. The plane is the prize in Bombardier's stable of smaller commercial aircraft, a workhorse that's a cash cow—earning the de Havilland Canada 8 helicopters in the lower range of the market and the glittering array of high-profile Bombardier and Lear executive jets at the top end. The first revenue-earning CRJ 100, the 50-seat model, entered service with Germany's Lufthansa CityLine in November 1992. Not quite five years later, 189 of those aircraft are flying with 16 airlines in 11 countries, including 28 that are flown in Canada by Air Canada. Firm orders exist for another 60, with options to purchase an additional 186. The backlog is so great at Bombardier's facilities in the Montreal suburb of St. Laurent that the company is currently gearing up to accelerate production, jumping from the 56 planes a year it now manufactures to 65 beginning next January.

"We have no choice," argues Bombardier Regional Aircraft president Pierre Lortie as he sits in his office overlooking Canada's charming workshop. "Not if we want to hang on to the 50-seat-plus market share that we managed to grab last year." Does the ball, Lortie's knowledge suggests, Robert Brown, president of Bombardier Aerospace, points to the to

Beachline 1980; and the Canadian Regional Jet (below), a willingness to gamble



1942
A. A. Bombardier
introduces the company's first
tracked vehicle for snow-covered terrain



1974—Maurice awards Bombardier a
\$11.6-million contract to build railway cars
for AMT; it is a leader in rail transit



1988—Bombardier launches its
De Havilland Canada 8
helicopter



1996—The company unveils its
Next-Generation Electric Vehicle, designed
for short trips in suburban areas.

Regional airlines boast the fastest growth in the industry



lost health of the regional airline business. In both Europe and North America, annual growth rates in that sector have ranged between 10 and 15 per cent over the past decade, and individual smaller carriers have been routinely earning 15-per-cent profits, roughly double that of the most profitable major airlines. "The market's booming," says Brown. "We helped to create it. We want to retain our hold on it. That's why we chose to go ahead with the '30-seat program'."

Officially launched last January, Bombardier's CRJ 700, as the 70-seater has been dubbed, is a stretched version of the original regional jet. Although its first delivery is not scheduled until late in the year 2000, it has already accumulated 117 orders, options and memoranda of understanding from eight airlines on five continents. The largest by far is the deal announced in June when American Eagle bought 25 CRJ 700s and took out options for 28 more.

For Bombardier, it was a crucial contract, not only because the total value of ordered and optioned aircraft amounted to more than \$1.9 billion in Canadian funds. The company has contracted \$545 million to develop the plane and, with the American Eagle order, it had managed to secure only four firm orders among all the options and MOUs, as memoranda of understanding are known in the trade. What's more, it was so against all expectations from the only other aircraft manufacturers in the world currently producing a regional jet—Brazil's Embraer 175 regional jet.

The Brazilian company had already beaten Bombardier in the crucial U.S. market last year by landing a contract with Continental Express of Houston. The company, Continental Airlines' regional carrier, agreed to purchase 25 Embraer 175s, a 50-seat aircraft smaller in Bombardier's 50-seater, at \$55 million per plane cheaper. That particular battle had been fierce, a scholarly battle that resulted in Bombardier and Embraer both pressuring their respective governments to launch a formal complaint with the World Trade Organization in Geneva. Each company accused the other of receiving improper government subsidies, based upon international trading regimes. Bombardier officials even suggest that, in the Continental deal, Brazilian rivals Bombardier were using things like simple price-fixing contracts. "Before that deal with Embraer, Continental had no flying rights to Brazil," Bombardier Aerospace president Brown andy remarks. "After the deal, Continental suddenly acquired Brazilian rights. We figure it out."

Based on the Continental deal, Bombardier redoubled its efforts to

win American. At stake was: orders for 67 jets from a highly influential carrier, a regional airline flying into the high network, serving a million passengers a month on average. With more than 8,000 flights a day to 127 cities throughout the United States, Canada and the Caribbean, American Eagle operates the largest regional airline system in the world. "It's a carrier with common marketing and financial clout," says Arnold Lewis of the New York City-based trade publication *Business and Commercial Aviation*. "When they decide to buy jets, as a general rule of jet, you can be sure it won't be long before the rest of the industry sits up to take notice."

Despite the advantages of a sale to American, Bombardier declined to lead on the issue of price, even when American Eagle president Gordon made his last-minute phone call to Benoit. "We will not take on projects that do not meet our commercial requirements," Benoit's Brown says by way of explanation. "I think it's very hard for people to meet certain pricing requirements and remain profitable."

Faced with Bombardier's refusal to budge, American ultimately chose to split the 67-plane order, buying 35 70-seaters from Bombardier and 40 50-seaters from Embraer. It is a course of action that airlines actually try to avoid, preferring to buy "bundles" of planes from the same manufacturer in order to reduce training and maintenance costs. But Embraer does not



McGonchie: "I just wanted to change it from a racehorse into a workhorse"

make a 70-seat aircraft. And American was obviously as interested in the bottom line as it was in its desire of continuity between the two sales of regional jet in its fleet. "After American Eagle's Gordon made that point clear to his remains after signing the contract, 'Any-one,'" he declared, "who tells you that price is not a critical factor in buying an airplane is not telling you the truth."

While not by the seatback—enough for Bombardier to publicly grumble late in June about Ottawa not trying hard enough when it came to pushing the complaint with the WTO—Bombardier officials remain upbeat about the sales potential of both CRJ versions. The company did manage to secure a high-profile customer to launch the 70-seater, thereby cementing its presence in a critical market in which regional traffic grew by 20-per cent last year. And Bombardier expects that market to continue growing by leaps and bounds, creating a demand for as many as 600 70-seaters and almost the same number of 70-seaters. If company forecasts are accurate, the potential exists for a manufacturing \$120 billion in sales over the next two decades.

Just as remarkable is the fact that, were it not for the vision of a handful of Bombardier officials, the market for small, regional jets might not even exist. When the company embarked on the journey that eventually led to the CRJ, there was industry-wide skepticism about the re-

ability of a passenger jet with anything less than 300 seats. "They thought we had rocks in our head," recalls aviation consultant McCaighe, president of Montreal-based Aéroline Inc. and a former executive with Canadian before it was purchased by the Montreal conglomerate.

If any one person can be blamed for the hesitation behind the CRJ concept, it is the McCaighe. An Edmonton-born graduate of MIT and Stanford, he was one of the first to see the commercial potential in Canada's 12-seat Challenger executive jet. In 1986, McCaighe was running his own aviation consultancy, which he started in 1987, after a decade spent as marketing manager for Canadair. At the time, Bombardier was negotiating with the federal government to purchase the mobile-plumbed Montreal aircraft plant, a deal that was eventually concluded when Ottawa agreed to swallow Canadair's \$1.1-billion debt, allowing the entire operation to Bombardier for \$121 million. Not long before that, McCaighe sent an unsolicited proposal to Canadair suggesting the transformation of the Challenger from executive jet to passenger aircraft. "The possibility was there because the Challenger and the other narrow-bodied executive jets of the time had been built with a wide-body fuselage, capable of two-by-two seating," says McCaighe. "I just wanted to change it from a niche one to a workhorse."

Bombardier's executives, having taken control of Canadair, found McCaighe's ideas intriguing. After McCaighe delivered a market research, Canadair budgeted \$14 million for an "advanced design phase," installing a team of engineers in a rented warehouse in St-Laurent to study how to best stretch the Challenger. After surveying "hundreds of airlines and thousands of passengers," he discovered something he had always suspected. "Call it the jet preference factor," he explains. "Given customers a choice between jets and turboprops and they'll always choose jets. The bottom line is most people seem to feel there's something odd about them when you look out the window of a plane and see that big big propeller whirling around."

But while executives liked the idea of jets, they showed shorted noses when it came to jets. "That was a long, hard sell, a lot of beer-flying," recalls McCaighe. Still, he found enough interest to tell Bombardier's board of directors in 1987, a year after he began researching the concept, that he saw a market for an estimated 450 aircraft during the first 10 years of a regional jet program; a president forecast as new of the 453 CRJ's Bombardier has sold or optioned to date. By 1988, the company was concerned, not just because it would not have to build a jet from scratch. It already had one in the Challenger, a state-of-the-art aircraft that had cost Canadair's previous owner, Ottawa—\$1.2 billion technology. And the sales of customers in the St-Laurent warehouse had come up with a \$250-million package when a privately owned small firm placed the industry's rough rule of thumb that developing a new jet costs about \$20 million per seat.

In 1988, Bombardier forced McCaighe away from his private aviation consultancy, forcing him to run the marketing end of the CRJ program. A year later, the company officially launched a new

Another satisfied customer

From the control tower, Stephen Jones holds a commanding view of the bustling traffic at Concorde airport. As a traffic manager for locally based Comair Airlines, the 29-year-old Jones monitors the arrivals and departures of 225 flights daily. Only a few years ago, he would not have been so busy. "We operated out of a windowless room in the basement, waiting for a telephone to warn us about flights. But that was long before the company acquired any of those beaches," he says, pointing towards a gate where passengers are boarding a Canair Regional Jet.

Comair operates 95 of Bombardier's airplanes, the largest single fleet of regional jets anywhere in the world. In June, 1994, the airline took delivery of a 50th CRJ that was dedicated for the occasion with hunting stars and swooping stripes, a livery that prompted Comair's pilots to tag the plane "Hudson Warrior." That CRJ and the 49 others in Comair's fleet have certainly performed wonders. "We have reaped a phenomenal success in recent years," says jet airline's senior vice-president, Charles Curran. "One of the major reasons is our fleet of regional jets."

Given that glowing testimony—and a balance sheet that has yielded \$203 million in profits

this year on revenues of \$772 million—it is hard to believe that anyone would have doubted the value of the CRJ. But when Comair's executives decided in 1991 to purchase 20 of the planes, the move was not immovably applied. "Half the people thought I was just kidding," says Curran. "The other half thought we had lost our minds." At the time, there were no CRJ's flying, but the plane was exactly what Comair needed. "We were after the real estate," says Curran, as planning the company wanted a plane less than 100 seats to expand the airline's "touchdown area" around Concordia beyond the 100-100 radius of its suburban but small airport to turn a profit. Bombardier's jets have done that, allowing Comair to exploit new, once-dormant markets in places such as White Plains, N.Y., and Wichita, Kan., while cultivating lucrative routes like Boston-Toronto and Tallahassee-Miami.

In May, Comair signed an agreement with Bombardier for up to 75 more CRJ's—a firm order for 38 jets, valued at \$492 million, and options on another 37. "We want more jets in our fleet, faster," says Curran. "You can't have too many." He probably is the best explanation for that.

R. G. in Concordia

CANADA'S MASTERS OF THE AIR

The regional jet is the star of Bombardier's fleet, but the Montreal firm manufactures a host of other aircraft



CRJ-440 amphibious aircraft



De Havilland Dash 8 regional turboprop



Learjet 40-400 business aircraft



Long-range Global Express regional jet



Interior of the Challenger executive jet

A high-altitude feud

It is a descriptively quiet place, nestled in rolling red hills three dozen kilometers outside São Paulo and light years away from that Brazilian seaplane's noise and bustle. For a brief period during the 1980s, the 600,000 inhabitants of São José dos Campos enjoyed the highest living standard in South America—thanks to the city's status as the seat of the fourth-largest arms export industry in the world. They still manufacture military hardware in São José dos Campos, but the weapons factories have given way in recent years to the largest single concentration of high-tech aerospace and telecommunications companies on the continent. Chief among these is Bombardier's archival—Empresa Brasileira de Aeronáutica S.A.

Embraer has been making airplanes since 1969, 17 years before Bombardier entered the business. Its Tucano military trainer is flown



Bombardier CRJ-145 regional jet

by 14 air forces—including Canada's—and more than 300 of the company's Brasília turboprops are in service with regional airlines around the world. But it is Embraer's latest product—the EMB 145, launched in 1995—that is at the center of the increasingly bitter dispute with Bombardier. It's brewing into a real posing conflict, says Arnold Lewis of the U.S. magazine *Business and Commercial Aeronautics*, "the jets of the skyhook."

The World Trade Organization's involvement is the most dramatic ex-

posed jet program and three years later that, the first CRJ with paying passengers would be off with an export in Germany. Embraer, the plane that has been performing so well as its creators said it would, flying routes of 650 to 1,500 km in length yet is longer than those flown by the regional turboprops but shorter than those conventional jets can cover while still making a profit. The larger jets are more expensive to run since they burn more fuel and are more expensive to build. "The reason have always existed," says retired Bombardier executive Robert Wood, who ran the company's CRJ development program from 1986 to 1990 and now presides of Bombardier's regional aircraft division in Toronto and is retired in 1990. "There just wasn't a place to service them small our jet."

The plane is quieter than a turboprop and faster; jets fly 800 km/h while turboprops cruise at about 500 km/h. With sleeker, 33 inches of clearance, it is roomy as the economy class cabin of most major airlines. Two-liners stand out, the low placement of the windows, which can make it uncomfortable to look out, and a small luggage problem that sometimes allows crates to appear in baggage holdovers, causing some losses of cabin air pressure.

Neither glitch is regarded as serious by the company and both are being corrected on the new 70-seaters. But the bulkhead cracks, which Bombardier insists are not safety hazard and cost less than \$5,000 per

piece of the unfurling controversy. It prompted private discussions in April between Prime Minister Jean Chrétien and Brazilian President Fernando Henrique Cardoso and, later that month, a formal consultation in Geneva between Brazilian and Canadian government officials, the first step in the WTO dispute resolution process. Where it will end is anybody's guess, but neither Bombardier nor Embraer seems willing to back down. In June, Bombardier chairman Laurent Beaudou publicly complained about "blatant" Brazilian export subsidies that result in the Montreal company claims, in Embraer returning to customers \$3.2 million for every \$21 million EMB 145 purchased.

Embraer president Mauricio Boello denies the Brazilian subsidies violate global trade regulations and accuses Bombardier of attempting to turn the WTO into "a waiting hall for losers." He claims Bombardier benefits from a number of "illegal subsidies" itself, including tax-incentives from the federal Export Development Corp., an \$87-million interest-free loan from Ottawa and a \$57-million payment for the development of the Brasília 340 turboprops under the Technology Partnership Canada program—all schemes that Bombardier maintains do not contravene WTO rules.

As the atmosphere deteriorates, both companies have been raising each other's staked labor force. After placing ads for engineers in São José dos Campos newspapers, Bombardier recently hired 30 Embraer professionals and is in discussions with another 40. "Bombardier's idea is to crush Embraer," complains Edmundo Kogito de Oliveira, president of the technicians union at the Brasília company. But Embraer, too, has been recruiting, recently hiring three of Bombardier's staff in the Brasília company's Florida subsidiary.

For all the bickering, the two companies have much in common. Bombardier's CRJ 145 and Embraer's EMB 145 are both two-jet, 50-seaters designed to serve the same market. The Brazilian plane has a shorter range and is slower, but is considered more comfortable as a result of the seating arrangement—single on one side of the aisle and doubles on the other, rather than the CRJ's two-by-two seating. Since its launch, Embraer's plane has grabbed one-third of the regional jet market. The EMB 145 has 132 firm orders, with another 104 options—contracts worth a total of \$6.9 billion. The \$4.1-billion deal for 25 ordered and 175 optioned Embraer aircraft, signed last September with Continental Express of Houston, if fulfilled, is likely to be the largest ever single order for regional jets. "It shows that we've got a better product than our competitor," says Embraer president Boello. The people at Bombardier disagree. But all the same, they clearly have to fight to prove it.

BARRIE GALT with JULIO DE LIZBON in São José dos Campos

plane to die, are worrying nonetheless. "The regulatory authorities will be watching this plane with a longer eye now," says analyst Mooreman. But he is not as concerned as his critics, but he is a little concerned that so many of the planes developed the same place in the same place as early on in the Wings of the Aircraft.

"We last year" is the term former Air Canada president Hells Harris coined when he announced the purchase of 26 CRJ's in 1993. And that's precisely the function they have been performing for the country's largest carrier since they began flying Air Canada routes in 1994. With their range and speed, they are tailor-made for the trans-border traffic the airline had been hoping to capture after the 1993 Open Skies agreement largely dismantled the transatlantic barrier. Canada and the United States. These are primarily routes with not enough passengers to fill a conventional 120-seat jet, but ideal for a bi-lander. They directly link cities, such as Toronto and Philadelphia or Montreal and Washington, that previously required lengthy stopovers at major airport hubs. "We've been serving hot markets that were never served by direct, nonstop service before," says Air Canada chief executive, Fred L. Harris. "Without those new aircraft, it would not be surprising if we, in fact, a lot of other developments now unfolding would not be happening without Bombardier's plane, the little jet from Canada that is finally carving a big reputation for itself among the world's airlines." □



Bombardier: We have a good product—the proof lies in the demand.

Ready for a dogfight

Bombardier's chief takes on his critics

Senior Writer Barry Carter interviewed Bombardier Inc. chairman Laurent Bombardier recently about the company's fast-selling CRJ regional jet. Excerpt.

Maclean's: Recently, Bombardier announced that it had found partners in the foreign markets in half of its regional jets. Has that had much impact on the program?

Bombardier: It's the kind of thing that you wish would not have happened, but it did happen and you have to live with it. We're dealing with it right now through regular maintenance checks, recalls and recall of the product, just the way a car company recalls its products to rectify errors. Having said that, we don't think it's a major problem. Cracks sometimes occur in airplanes—you would be amazed how often. I've told there have been 76 similar occurrences in airplanes around the world in recent years. So far, it has not had an impact on our sales.

Maclean's: How are sales at the moment?

Bombardier: In 10 years, revenues from the aerospace sale of the company have grown to \$4 billion a year from \$200 million. We expect to double those revenues in the next five years. As far as the regional jet is concerned, we have a good product. The proof of that lies in the demand.

Maclean's: Another major issue facing Bombardier is the dispute with Embraer over Brazilian competitor. Why do you feel it is necessary to involve the World Trade Organization in that fight?

Bombardier: We need to have a level playing field. The direct subsidies Embraer's customers receive are really unfair. It continues to put us at a competitive disadvantage.

Maclean's: How do you respond to Embraer's accusations that Bombardier, too, is an the receiving end of substantial government subsidies?

Bombardier: Look, when somebody sees you, the first thing you do is launch a counterclaim. That's really what Embraer is doing in launching a complaint with the WTO about Bombardier. But there's no substance to Embraer's charges.

Maclean's: But Embraer has complained in some detail about the subsidies available to Bombardier. For example, they mention the \$67-million loan you received in October from the federal government.

Bombardier: It's simply not the same. The \$67 million from Ottawa is not a subsidy—it's a loan for the development of the 70 seat regional jet, and that loan is fully repayable. All governments subsidize the development of new aircraft. The Brazilian government's support for the development of Embraer's plane has been far more generous than anything we have received from the Canadian government.

Maclean's: Critics also say that your company benefited because somebody else paid for the development of the Challenger—like aircraft that eventually grew up to be regional jets—before Bombardier came upon the scene and bought Canadian.

Bombardier: When we bought Canadian it was the result of an open bid—a field free for anybody to enter—and there was one other bidder at that time. The funds used to develop the Challenger were written down before we entered the picture. The same thing happened when we purchased de Havilland and Short Brothers in the United Kingdom. The United Kingdom wrote down Short Brothers' debt when they were looking for someone to purchase the company. Look at Embraer: when it was produced a year or two ago, the Brazilian government stepped in to write down the company's debt. It happens everywhere around the world except perhaps in the United States, but the U.S. industry benefits from all the money that is poured into the development of military aircraft.

Maclean's: Still, Bombardier did benefit from government help. Bombardier: Of course, but don't forget the other side of the picture. The government may have loaned us \$67 million, but aerospace workers in this country are receiving \$750 million a year in salaries and other benefits, and Bombardier is paying \$250 million a year in taxes. You can complain about loans if you want, but we have an aerospace industry in this country now that all Canadians should be proud of.

Maclean's: At what stage is the complaint about Embraer's progress with the WTO?

Bombardier: We're waiting for something to happen there. I think as far as the Canadian government is concerned, everything slowed down recently. There was a federal election and a new minister in charge of everything. But I hope they will speed up soon.

Maclean's: Is there a certain impetuous in your reply?

Bombardier: There is a degree of impatience.

EXPORT'A
Go your own way.

Wild Water Kayak Race

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Catch Compete! on 



**New theatres
offer a total
entertainment
experience**

A really big show

BY MICHAEL POSNER

Never mind Tim Cruise or John Roberts. Forget about *Spinal Tap*, *The Last World* and *Company X*. Sorry, as usual, the next big attraction at your neighborhood movie house is likely to be the theatre itself. After almost a decade of inertia, Canada's cinema chain outlets have embarked on a building program worthy of the heyday of Metro-Goldwyn-Mayer—complete with state-of-the-art digital sound systems, curved screens (for better viewing), plush tiered seating, and as many as 12 films to choose from.

Finances Players Inc., a subsidiary of U.S. entertainment giant Viacom Inc., is spending \$75 million to add 136 new screens—it now has 531—in Canada by the year 2000. Its anchored, Cineplex Odeon Corp., controlled by American conglomerate Universal Studios Inc., has an even more ambitious expansion program under way: 200 new screens to add to the 661 currently in Canada as part of a \$445-million North American expansion by the end of 1998. Another power house, Kansas City-based AMC Entertainment Inc.—the continent's largest exhibitor by revenues (\$698.9 million)—has tabled a dis-

tributive battle plan for penetrating Canada, manning 30-screen megaplexes in downtown Montreal and Toronto, with other sites to come. And specialty film exhibitor *Imax Corp.*—makers of spectacular two- and three-dimensional films displayed in a panoramic 70-mm format—hopes to double its current 154 screens around the world in the next five years.

Compared with much of the current ancestry—small screens in relatively cramped quarters—the new cinemas are a leap for the senses. In addition to state-of-the-art digital audio, and roomier theatres, the old staple of buttered popcorn and sugared soda water has been expanded to include brand-name everything from pizza and lunch trays to espresso and white chocolate cookies. And both Cineplex (with Cineplex) and Finances Players (with TechTwerk) are adding family entertainment centres (interactive video game rooms)—another incentive to visit theatres and stay longer.

But the new film format represents only part of a much broader phenomenon—the proliferation and enrichment of what social commentators call the total/total entertainment experience. Golf driving ranges, laser tag venues, laserlight cabaret nights, even book stores with fireplace reading areas and coffee nooks, and themed

restaurants such as Planet Hollywood and Backstreet Café—the contemporary urban landscape is marked by increasingly sophisticated attempts to entice consumers (and their wallets) away from their television sets. And it seems to be working.

The latest case in point: Playhouse Entertainment Corp.'s Segs City, an \$18-million mini-theme park in Mississauga, Ont., adjacent to the 14-million-square-foot Square One mall. Exploiting the latest high-tech jargon of Japanese game machine makers, Toronto-based Playhouse combines a 35,000-square-foot indoor games area with a Mario Andretti-designed go-kart track, City Gator enduro-batting cages, as well as beach volleyball, miniature golf and a 43-foot climbing tower—a thrill, a fun-filled area that aims to capture a wide demographic mix. The first of its kind in North America, Segs City opened last fall—in its first 10 months, it recorded more than 700,000 visitors, including nearly 500 corporate groups that reserved the site for special events. "In both attendance and revenues," says Playhouse's very unusual CEO Jan Hansman, "we have far exceeded our initial expectations." (Owners of a private company, Hansman and chief operating officer Steven Wirth have won investment capital from some high-powered partners, among them Hong Kong's Nina Kung Wang, reportedly the richest woman in Asia—she owns 36 per cent. Other investors include Hollywood-based Segs DreamWorks, an alliance of Japan's Sega Enterprises Inc., MCA Inc. and DreamWorks SKG, owned by Steven Spielberg, Daniel Gelfin and Jeffrey Katzenberg.)

More significant, perhaps, the Segs attraction—directionally marked as a major retail landmark on Toronto-area highways—is also creating retail synergies with the nearby mall. The evidence is so far anecdotal, concedes Howard Gelfin, vice president of Backstreet Canada Inc., which owns Square One. But he's convinced crossover traffic from both Playhouse and Finances Players' adjacent 10-screen Cineplex complex, which opened in May, is boosting sales inside the mall. More and more, it seems, developers and landlords are recognizing the need to inject new value into the traditional shopping experience.

And the cinema is central. Once relegated to out-of-

Gilgamer's 10-theatre lobby (left) taking a motorcycle video game at Segs City: injecting new value into the traditional shopping experience



way corners and dark mall basements, movie houses are now being developed as major traffic inducers. "If you need a new anchor tenant for a new mall," asks AMC's director of business development for Canada, Harry Pickham, "who are you going to turn to today? The Bay? Eaton's? I don't think so."

AMC's megaplex strategy is to surround its 24- or 30-screen houses with complementary destinations—book and music stores, restaurants, bars, arcade centres. "So now," says Pickham, "when you go to the movies, you're not just out on the road, instead of two." In Montreal development, a completely refurbished Montreal Forum, is scheduled to open in 1999. The Toronto site—part of a \$250-million city-centre redevelopment project adjacent to the vast Eaton Centre complex—is far further off, awaiting land assembly and the regulatory process.

For film exhibitors, the essential logic of expansion is compelling. For only a marginal increase in administrative costs, multiplexes can generate significant higher traffic. Even as revenues, one concession stand—still the only known profit centre of most film houses—can service 30 cinemas as easily as two.

In addition, the general decline of real estate values in Canada over the past several years has made landlords far more willing to sign long-term leases favourable to exhibitors, with lower rents and better locations. "Compared with 10 years ago," says Finances Players' president Harry Harris, "development was in a totally different way. It's a philosophical change. They recognize that their environment must be made more exciting."

To some extent, the new theatre "hardware" is needed simply to accommodate the growing output of film software—the rising number of features turned out by Hollywood studios (471 in 1996, up 15 per cent from the year before), independent and foreign producers, and the seldom-sold-out products of Canada's struggling film community.

Among industry analysts, moreover, there's a feeling that Canada has too few screens, forcing major Hollywood releases to often leave theatres while they are still drawing crowds in order to make way for the next scheduled release. In a multiplex, movies can open on several screens simultaneously, then be added back to meet demand. "We have to have the ability to play in as little as longer periods of time," says Finances Players' Harris. "If you were a restaurant, how long could you survive with just four items on the menu?"

"The movie theatre of yesterday is obsolete," agrees AMC's co-CEO Richard Gelfin. "The changes in home entertainment systems—more channels, video, laser discs, computers, the Internet, better screens, better sound—mean that when people leave their houses, they want something dramatically different and memorable."

But can Canada's urban centres absorb the arrival of an AMC, with its 5,000-seat theatres? Is the market large enough to profitably sustain three movie exhibitors? "We're not afraid of competition," insists Cineplex Odeon's executive vice-president Howard Lichtman. "I'm not sure 30 screens in Canada would be as well as 30 screens in Texas," says Finances Players' Harris. "But if it's not them, it'll be someone else. We have to be prepared." As for AMC's Pickham, he's convinced that "growing the industry is the key for us all. It wouldn't be a daydream."

Or maybe it should. Well-financed, new company muscled its way into established territory, stirring resentment. Not a bad premise for a film. Put the pizza, □

Perfect
Marks.



Tanqueray
Simply Perfect.

Ross Laver



Personal Business

Books on the Web

Even in good times, book publishing is hardly a growth-market proposition. So there was more than a little head-winging in literary circles last month at the news that Tennessee-based Ingram Industries Inc., the world's largest book distributor, is stepping up operations in Canada.

For now, at least, Ingram's intentions seem modest. The U.S. giant has hired up a Toronto firm, Canadiana Media Group, to act as a distributor for foreign books that lack domestic representation. What concerns some publishers, however, is the possibility that Ingram might one day emerge as a major source of imported books. That would spell trouble for Canadian companies that rely on sales of foreign titles to subsidize their domestic publishing operations.

Ingram's move to establish a beachhead in Canada is one of many challenges facing the perennially beleaguered publishing industry. Whenever they get together, as they did at the annual convention of the Canadian Book Sellers Association in Toronto recently, industry veterans fret about the impact of book superstores, cutbacks in government subsidies and Canada's new copyright legislation, which is designed to make it harder for bookstores to order from U.S. suppliers.

Yet strangely enough, Canada's book industry has all but ignored a far more serious threat to its future: the sale of books by giant U.S. retailers over the Internet.

Behind this development lies an obvious irony. Over the years, countless self-styled prophets of the computer revolution have preached the imminent demise of the printed word. Their predictions may prove accurate some day, but right now book retailing is one of the fastest-growing commercial sectors in the Net.

The granddaddy of online bookstores is Amazon.com Inc. (www.amazon.com), launched way back in 1995 by Jeff Bezos, a former Wall Street hedge-fund executive. Billings it as "Earth's Biggest Bookstore,"

Amazon.com offers a database of 1.1 and 1.6 million titles—more than five times the stock of the largest book superstore. Customers can search by title, author or subject, read other customers' reviews and place orders on-line, entering credit-card numbers as electronic forms that is encrypted to stop hackers from intercepting the data while it is in transit. Amazon also offers to notify clients by e-mail when their favorite author issues a new book or a popular title comes out in paperback.

Having demonstrated the viability of online book retailing—the company ringed up \$39 million in sales in the three months ending

in June 30—Amazon faces formidable competition. Barnes & Noble, the biggest U.S. book seller, opened its own cyberspace store (www.barnesandnoble.com) in May. The launch was good news for consumers, because both companies, because both companies are now slashing prices in a scramble for market share.

Alarmed that the threat to conventional bookstores is growing, the Canadian Book Sellers Association in Toronto recently, industry veterans fret about the impact of book superstores, cutbacks in government subsidies and Canada's new copyright legislation, which is designed to make it harder for bookstores to order from U.S. suppliers. Yet strangely enough, Canada's book industry has all but ignored a far more serious threat to its future: the sale of books by giant U.S. retailers over the Internet. Behind this development lies an obvious irony. Over the years, countless self-styled prophets of the computer revolution have preached the imminent demise of the printed word. Their predictions may prove accurate some day, but right now book retailing is one of the fastest-growing commercial sectors in the Net.

The granddaddy of online bookstores is Amazon.com Inc. (www.amazon.com), launched way back in 1995 by Jeff Bezos, a former Wall Street hedge-fund executive. Billings it as "Earth's Biggest Bookstore,"

Canada's
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Business NOTES

AIR CANADA FLYING HIGH

Air Canada said it will buy eight wide-body planes from the European consortium Airbus Industrie for \$1.4 billion. The airline also posted its best-ever second-quarter profit, earning \$71 million in the three months ended on June 30. First Canadian Airlines reported its first second-quarter profit since 1990, earning \$2.8 million.

EATON'S CUTS 'DEATH LIST'

T. Eaton Co. Ltd. said it will shut 17 of its 85 stores, rather than the 31 originally slated for closure. Eaton's president, George Kesch, said municipal tax breaks, concessions from landlords and a surging economy eased the strain, saving hundreds of jobs.

REICHMANN'S RETURN

The Reichmann family took another step towards resurrecting its real estate empire by purchasing three Toronto office buildings for \$81 million. It was Camden Corp.'s largest acquisition since Albert Reichmann's son Philip and Paul Reichmann's son-in-law Frank Hauer took control last year. The firm has now changed its name to JFG Properties Corp.

JOB'S FOR NOVA SCOTIA

AT&T Canada Enterprises Inc. announced plans to open a 98-office call centre in Halifax, employing 1,000 customer service agents. Nova Scotia said it will pay the telecommunications giant \$12 million over the next five years to train employees.

LAIDLAW LANDS DEAL

Laidlaw Inc. of Burlington, Ont., North America's largest operator of school-bus and school services, will pay \$20 million to acquire Oakville-based EnCore Holdings Inc., a provider of management services to hospital emergency rooms. CEO James Laidlaw said the deal is part of Laidlaw's plan to expand its health-care operations.

JAPAN CLAMPS DOWN

Japan let its biggest brokerage house and a top bank with the most severe penalties ever imposed on Japanese financial institutions following their involvement in a recklessness scandal. The penalties will shut down key divisions of Nomura Securities Co. and Dai-ichi Kangyo Bank Ltd. until the end of the year.



CAMPEAU'S CASTLE: After three years, Robert Campeau—the Canadian real estate tycoon whose spectacular rise and fall came to symbolize the excesses of the 1980s—finally found a buyer for his Toronto mansion. An unnamed entrepreneur will pay \$6.17 million for the 2,500-square-foot chateau in the city's exclusive Bridle Path area. The home, with its marble fireplaces and silk-covered walls, had an original asking price of \$15 million. Campeau now lives in Europe.

Oilpatch billions

Billions of dollars gushed from Alberta's oilpatch as two oil giants moved to boost their operations. Suncor Energy Inc. of Calgary announced a \$2.8-billion upgrade to its Fort McMurray Alberta plant that will raise from double production of light crude to 210,000 barrels a day by 1992. The plant, which employs 3,600 workers, is already undergoing a \$600-million expansion, and the

even-larger facility could create up to 800 new jobs. Meanwhile, Gulf Canada Resources Ltd., which moved its executive offices to Denver last year, agreed to expand through a \$80-million friendly takeover of Stampeder Exploration Ltd. of Calgary. Gulf president J. W. Bryan, who is known for launching bitter takeover battles, said he intends to create a separate division by combining Gulf's heavy-oil and Alberta properties with Stampeder's heavy-oil interests.

FINANCIAL OUTLOOK

Bank consumer spending rose 1.1% in May, as the country's output of goods and services—or gross domestic product—rose a healthy 1.4% for the second month in a row. Wholesale and retailers accounted for much of the growth. With orders up and inventories down, manufacturers said they intend to increase hiring. Expectations that the Bank of Canada may raise rates slightly to control economic growth and shore up the weakening dollar prompted the major banks to boost short-

HOUSEHOLD DEBT

(As a percentage of disposable income)



term mortgage rates. But several leading rates on mortgages of 10 and 25 years, and three- to five-year mortgage rates are unchanged.

"Heavy economic growth and generally low interest rates will combine over the next two years, which will help Canadian governments balance budgets. Once the federal budget deficit is eliminated, the federal government may deliver a sizeable tax cut by 1999," —TD Bank

SOURCE: BANK OF CANADA



Peter C. Newman

Preston Manning and the religion issue

A few columns ago, I questioned and criticized Preston Manning's religious beliefs. Many readers wrote to me and the magazine, objecting to my comments, emphatically complaining that I was inaccurate, irresponsible, and generally a brawler.

I was wrong to criticize the Reform leader on these grounds, and apologize to him and those readers who read his column. Religion is a personal matter, and should remain so. Few people read, for example, that we have had Catholic prime ministers in this country (except for the 160 days of Rian Campbell) ever since 1986, with Pierre Trudeau, Joe Clark, John Turner, Brian Mulroney and Jean Chrétien. The reason most Canadians aren't aware of that 30-year run is that none of the PMs allowed religious beliefs to determine their actions or policies.

With Manning moving into his new job as leader of Canada's alternative government, we have a right to demand the same therapeutically sound standard.

My thoughts and concerns on the issue were crystallized by reading a new book on the Mannings, senior and junior, *Late Father, Late Son*, by Lloyd Mackey, a family confidant. To his credit, Mackey doesn't pretend to be objective. He is such a convert to the Manning gospel that when he was growing up in Victoria, he contributed a table of \$125 per week from his newspaper route earnings to assist Manning's Road to the Bible Home, a popular weekly gospel radio show that Preston's father broadcast even while he was premier of Alberta. Mackey first met Preston at an Edmonton Billy Graham evangelist crusade in 1976, and it was a case of mutual admiration at first sight. "I trust," Mackey writes, "that this exploitation of the Mannings will help Canadians to understand the many ways in which faith and political experience interplay." It does. *Late Father, Late Son* (B&W Press, \$19.95) is an authoritative guide to Preston's unusually personal relationship with God, both as a man and as a politician. It will either warm up your respect for the Reform leader, or chill your bones.

Some other notable names include Queen's Law Professor and author of *The Business of Canada* (Doubleday, \$19.95), a penetrating analysis of the powerful influence of modern corporations on the political process. According to social ethicist Tony Clarke, such influence is so overwhelming that it amounts to a coup d'état. "This book," he writes, "deals with the way in which large corporations have been able to seize political as well as economic power in this country, and in the process subvert corporate rule for true democracy."

Despite its title and title, this is not merely a read. Clarke carefully documents his accusations, and it's only in his radical prescriptions—a populist revolt—that he goes off the rails. His stops

as longpans would substitute starchy for oligarchy. At the same time, his analysis of the likely profound negative effects on Canadian culture of the proposed Multilateral Agreement on Investment is right on the button.

The New World of Nations: Taming Cyberpace (Between the Lines, \$14.95) by economist Arthur Corbell is a valuable primer on how to survive in the age of global commerce. The best chapters deal with the problems of how governments could obtain revenues from the accelerating productivity of the new information-based economy. Their answer, a complicated "bill tax," isn't entirely persuasive because it would be a nightmare to administer. At the moment, cyberpace remains the ultimate tax haven, especially now that Switzerland is publishing names of its bank account holders.

Insights abound in *Lost in Cyberpace: Canada and the Information Revolution* (Doubleday, \$19.95) written by Robert Chodoff, Ben Shubert and Edie Harnett. Cyber Internet guru John Barlow "I don't think this is the most profound change since the Industrial Revolution. I think it's the most profound technological shift since the capture of fire." Another guru—"The modern world that was assembled around 1500—printing, law, the nation-state—is coming to its end," observes the British historian Barbara Staley. Chodoff & Co. show that there's no such thing as a Canadian information highway, only an unelectrical information on which we're a whole lot. They make the case, over and over again, that the pace of technological change is bound to threaten or even obliterate our national identity. But in the book's last chapter, the authors back away from condemning the global economy as an inevitably destructive force. "There is a big world out there," they restate, "and it is ours to share, not to hide from."

Loyal 188 Death Indians and the North-West Rebellion (Guth House, \$18.95) is a notable history at its best. When Louis Riel went to war with Canada in 1880, Plains Indians were scorned by the "treason" they had signed in the 1870s pledge of allegiance to Queen Victoria. This has been one of the enduring myths of Canadian history, which has cast an unfavorable light on aboriginal history. Now, authors Brian Stoeckhoff (Regina-based executive director of planning at Saskatchewan Indian Federation College) and Bill Walter (head of the history department at the University of Saskatchewan in Saskatoon) have used original research sources to deprive the claim that the Indians supported Riel.

Their argument shows yet again the mannerly rule of oral history, views bandied by able misrepresenters. There is something very touching about this volume, written entirely from the viewpoint of one, demonstrating that more than 100 years ago the Indians, who were assimilated then to now stayed loyal to the country of their degradation.



Frédérique: the glamour that is TV

A model foray into acting

Critics could argue that it is not much of a stretch. Model Frédérique is a natural. However, such is a smart career move. For her first on-screen role, the 29-year-old Dutch-born beauty, best known for her appearances in the Victoria's Secret catalog and lingerie



catalogue, has chosen to play a model trying to break into acting in her episode of *FOX*—a CTV crime drama that is part of a show, part of a series. Frédérique took the film industry's special effects wardrobe—costs for her to look glamorous while taking the bad rap. By the time she finished three weeks of filming in Toronto recently, Frédérique had concluded that TV work is anything but glamorous. "You put in a lot of 16-hour days," she said. "You have to put everything else in your life on the back burner." Still, the New York City-based model, who is also actively involved in the businesses that monetize lingerie lines and perfume bearing her name, says *FOX* was a valuable learning experience. "I thought it was important for my first role to keep it close to home," she said. "It was a good way to get my feet wet."

People

Edited by
BARBARA WICKENS

Doing it Frank's way

Singer Brian Auger is a man on a mission—to make as much music as quickly as possible. The 26-year-old crooner, whose musical style ranges from soft pop to big band, has not taken a day off in eight months performing everywhere from concert halls to university towns throughout the Pacific Northwest. Reviewers have likened him to a young Frank Sinatra, to whom Auger paid tribute on his first CD, 1997's *Quite Frankly*. His Sinatra-style lounge act, not surprisingly, tends to attract audiences who look as though they saw the original version when he was young. Now, Auger is hoping to broaden his appeal with the release (this month) of a CD of original material, *Emotional Man*. Only, it wasn't



Singer: Brian Auger is a 26-year-old who sings big band music

until the Boston-born Brian abandoned Las Vegas and moved north to Richmond, B.C., in December that he was able to make headway with his music. He spent nine years in L.A. helping support himself with guest appearances on such TV shows as *Full House* and *Severely Mild*. "I have all this music that I worked on all those years when people just wouldn't return my phone calls," says Auger. "And now they're calling me back. Maybe it works better if you're in another area code."

Woo-ing them with comedy

Anyone familiar with film center John Woo's three Hollywood movies—including this summer's mega hit *Face/Off*—could be forgiven for being surprised by the films he wants to direct next: light comedies and musicals. After all, Woo's previous directing jobs on the Alliance Communications TV series *John Woo's Once a Thief*—a full of such contradictions: He enjoys working with the biggest stars in the project, *The Devil's Sister*, will feature Tom Cruise as an American secretary in 19th-century China, but only those with a lack of ego. For the film series, "Woo" is a word he ascribes to both Travolta and Cage—no high praise. "Whoever has a great heart, he is my hero," adds Woo. "My hero has great actors."



Cage (left): Woo: "Whoever has a great heart, he is my hero"

Woo—a regular visitor to Toronto for his executive producer duties on the Alliance Communications TV series *John Woo's Once a Thief*—is full of such contradictions: He enjoys working with the biggest stars in the project, *The Devil's Sister*, will feature Tom Cruise as an American secretary in 19th-century China, but only those with a lack of ego. For the film series, "Woo" is a word he ascribes to both Travolta and Cage—no high praise. "Whoever has a great heart, he is my hero," adds Woo. "My hero has great actors."

A nation builder

Robert Bryce forged durable communal ideas

BY CASH MOLLINS

Even in the ripe years of his career, long before his death last week at 67, Robert Brougham Bryce never faded the part of the public service potentate he was for more than 30 years in Ottawa. Bouncing around Parliament Hill, walled and bald, peevish in his thick glasses, he was easy to lose among shrewd fellow bureaucrats or the slicker politicians. Until he began talking. From the day the young economist with the strong nasal consonant joined the finance department in 1938, and as an adviser for a decade after his official retirement in 1970, Bryce was never eager to deliver bright ideas in a multi-voiced manner and offer compromise solutions to political predicaments. Politicians and prime ministers eagerly received the advice of the super-mind, commonly known around Ottawa, and abroad, as plain Bob Bryce.

Through five administrations, from Mackenzie King to Pierre Trudeau—for nine years (1954-1963) the chief civil servant as secretary to the cabinet and clerk of the Privy Council under Liberal Louis Saint-Laurent and Conservative John Diefenbaker—Bryce was a leader among a contingent of long-servicing bureaucrats who provided a sense of stability and continuity to Canadian government. He and his cohorts, roughly 50 of them, were mainly bright young postgraduates recruited to federal service in the 1930s, most of them Canadian nationalists, many of them political liberals. They were highly influential in establishing the foundations of a socially conscious Canada. Beginning during the closing years of the Great Depression and the 1950s, and through to the politically dark 1960s, they fostered policies that predicated social programs as unemployment insurance, old age pensions and medicine. None in that group

were more influential than Bryce. The Toronto-born son of a businessman trading investor and a socialist mother, Bryce pursued the study of economics at Cambridge and Harvard universities only after graduation from the University of Toronto a mining engineer, his father's wish. In England, rich with student agitation against the rise of European fascism, Bryce and some of his

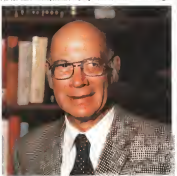
colleagues, it is claimed, the measurement of a high and stable level of employment and incomes in Canada would be a major federal policy and "a great national objective."

The 1945 document declared "The government will be prepared, in periods when unemployment threatens, to incur deficits and increases in the national debt resulting from its employment and income policy, whether that policy in the circumstances is best applied through increased expenditures or reduced taxation." The paper proposed to "keep the national debt within manageable proportions." But the Keynes-Bryce idea has faded with the disappearance in the 1990s of a Marxist challenge to capitalism.

At the height of the Cold War, and anti-communist witch-hunts, Bryce and some of his colleagues from Cambridge days were tarred with Marxist allegations easily deflected. In some respects, Bryce's contributions may seem as dated as the economies he probed. But he helped shape policies that remain pillars of Canada's sense of community. That was noted in a tribute from John Kenneth Galbraith, another Canadian-born Keynesian economist, who tutored at Harvard when Bryce arrived and now, at 88, is a professor emeritus at Harvard.

"Bob Bryce was part of a revolution at the time. In a substantial measure, he brought Keynes to the United States. He was the central element at the university during the time he was here and the focal point of the most intense discussion that I ever remember. He was also a source of great assistance to some of the older, conservative members of the faculty," Joseph Schumpeter, an economist at Harvard from 1932 to 1954, once said in an unpublished note. "Keynes is dead and Bob is his prophet."

He didn't approve of either. "Bob Bryce went on, of course, to Ottawa, and Canada became perhaps the first country, other than Sweden, to have a commitment to Keynesian support of aggregate demand and employment. He became the most influential economist in Ottawa. Many made pilgrimages to Ottawa to see how Keynes and Bryce were performing at the time. Bryce has been out of the news in these last years, but he should be remembered as one of the most influential economists of his time."



Bryce in 1979: "We became the most influential economist in Ottawa."

future Ottawa public service colleagues embraced Marxism as a more humane option. And in retirement, the young Canadian nationalist John Maynard Keynes and his theoretical notions of manipulating government spending and taxation programs to promote employment, foster growth and curb inflation.

Bryce became a Keynesian evangelist, first at Harvard and then in Ottawa. In April, 1945, with the end of the Second World War in sight and political thinking geared to post-war reconstruction, the government published a plan devised by Bryce and his colleagues that was to govern federal policy for 40 years, the white paper on employ-

Environment

Dirty business

Problems plague Alberta's toxic-waste processor

As a firm specializing in environmental management, sister Calgary-based Borel Inc. in its 1996 annual report, its own operations "must be of the highest standards." Critics say Borel's hazardous waste processing operation in northern Alberta—the main site in Canada for incinerating dangerous polychlorinated biphenyls—is filling for fear of that goal. Since last October, two accidents at the plant near Swan Hills, nearly 200 km northwest of Edmonton, have raised storms of protest from neighbors and environmentalists. In January, there were fears of fire, but the charge under provincial environmental law as a result of a leak, but potentially dangerous, leak of PCBs from one of its two incinerators last Oct. 30. More immediately, the company faces hearings before the Alberta Environmental Appeals Board next month, when opponents—arguing that the plant's regular emissions are damaging the environment—will try to have it shut down. "That plant," says Carol Jan Budge, who heads a council representing nearby Indian bands in the area, "is poisoning life as we know it."

The Swan Hills operation's entry detectors can barely have been assessed by another accident on July 21. An explosion—company officials say the cause and yet known—in the air handling system of an incinerator building caused no injuries, but did breach waste incineration at the huge, 128-hectare complex to a high Calgary oilfield. Scale says they hope to ensure limited operations in September.

But many of the 5,000 Indians living in the immediate vicinity of the plant seriously doubt they'll live. They fear it is contaminating crops, water and other animals and that it triggers fire in the region. And it has caused alleged fires in an area where wild game is a dietary staple. Alberta health officials added advice in May to eat no more than 400 grams of the meat a month. Children and pregnant or breast-feeding women should eat none or as little as possible. The government took the step as a precaution after finding that PCB levels at three and almost were elevated—although not enough to present an immediate threat to human health. "The positive the animals are

contaminated," says Budge. "And we eat wild game at two meals out of three a day." Company officials acknowledge that plant emissions have raised PCB levels in wildlife. But Murray Davis, Borel's chief executive officer, notes that, since hazardous substances are widespread in the global environment, "virtually all animals have traces of PCBs and other



The Swan Hills plant faces PCB-contaminated leakages prompt demands to have it shut down.

chemicals. They are pervasive." Used widely as electrical equipment insulators, PCBs were banned in the mid-1970s after researchers found they can damage the human liver and nervous system and cause reproductive problems in animals. More than 100,000 tonnes of PCB wastes are now stored at federally regulated sites across Canada. Another estimated 18,000 tonnes remain in older electrical equipment still in use. According to Borel, its high-temperature incinerators—which last year processed about 30,000 tonnes of hazardous waste—destroy more than 99.99 per cent of the PCBs and other wastes fed into them.

The plant's opponents say these operations, even at their most efficient, pose a danger to local human and animal health. And they will raise the plant's history at the ap-

pealed board hearings. Opened in 1967, the plant was originally a joint venture of Borel and the Alberta government, built to process only hazardous waste generated in Alberta. A money-loosing operation, it still produced revenues for Borel because of a guaranteed return on investment of at least the prime lending rate plus three per cent—paid for by Alberta taxpayers. Fed up with the losses, the province sold out in 1986, paying Borel \$147.5 million to take over its 40 per cent share of the Swan Hills plant.

In the same year, with Alberta's stocks of PCBs largely eroded, the provincial cabinet allowed the company to begin processing hazardous waste from other parts of Canada. "Now," says Budge, "they're bringing the stuff from everywhere else and we have to live with it all."

Any decision to close down the Swan Hills plant would complicate the difficult and

costly business of destroying PCBs in Canada. Despite their potentially harmful nature, PCBs are chemically stable and can generally remain safely in storage. And in the past, with few Canadian plants to destroy the chemicals, many PCB owners opted to leave them there. With the closing of Alberta's borders two years ago, the pace of PCB destruction quickened last year. The Swan Hills plant destroyed 30,000 tonnes of PCBs, including shipments trucked in from Ontario and Quebec. Now that operation shut down—and facing possible closure—only three smaller, more specialized hazardous waste disposal firms in Ontario and Quebec are left to dispose of PCBs. The coming hearing and court action will determine if they will have to handle that job voluntarily.

MARK NICHOLS

A president's frank revelation

The letter was brief, wrote its author, "in the advice of doctors rather than my lawyers." So began a carefully worded message delivered last week by president John Stables to the board of governors at Simon Fraser University. But while it was barely two pages long, the letter can't consider able light on events that have rocked the Burnaby, B.C., campus ever since Stables decided in late May to fire head over coach Linda Durnally after a university panel found guilty of sexually harassing student Rachel Marsden. The letter also confirmed rumors about why the president had been silent from the campus since making that decision while he had long ago arranged a three-month leave to compile a book, "in circumstances," wrote Stables, "later viewed" as the described his descent into a state of depression, and his belief that, under medical supervision, he would "be back to good health and ready to take up responsibilities by no later than December 31."



Stables and excerpts from his letter, uncertainties over his long-term fate

photos and e-mail messages that Marsden sent him. Then, in early July, the crisis took an unexpected twist when David Gagne, SFU's acting president until Sept. 30, revealed that Marsden had developed a personal relationship with the university's sexual harassment officer (who has since left Simon Fraser) and that she had been shown draft copy of the panel's ruling before it was made public. On July 28, Simon Fraser's board of governors endorsed a mediator's decision to reinstate the coach, citing "flaws in the procedures" leading to Durnally's dismissal and an

It is never easy discussing personal matters in public, and those of you who know me will well understand how difficult I find this. But I feel I must let the university community know that by late in May or very early in June, it was apparent that I was suffering from depression. I did not recognize the symptoms of my illness until it became so acute that its effects on me were evident to others who were concerned about my well-being and urged me to seek medical attention. I eventually did so, and am now receiving first-class treatment and care.

I know that there are difficult issues preoccupied our community right now. Had my health been better, I would not have remained away from Simon Fraser University when those important matters were being discussed and when significant questions were being asked. Some of these questions related to decisions made by me or under my authority. When my good health returns, I will return and will not shirk my responsibility to answer questions about my role which have troubled some members of the university community and the press.

consequences in Marsden's statements.

Soon after approving the president's request for medical leave last week, board chairman David Board said he would launch a campus-wide search to fill the post for the full term. But even if Stables does return as planned, his long-term fate appears less certain. Although the board had offered him a second term last March, to continue in September, Board says he has not yet been put to writing. "When he returns, we want to discuss a whole range of things with him in a frank and open way," said Board. "That will be one of them."

SPORTS SMART

It is a mystery that has long puzzled researchers: why do boys, on average, do better than girls in mathematics? Last week, a study conducted by researchers at Boston College in Newton, Mass., claimed to provide at least part of the answer: boys are better at visualizing and mentally manipulating 3-D objects. The researchers found that boys have these skills throughout childhood, playing with such hands-on toys as building blocks, cutting model airplanes and taking part in later sports. Said the study's lead author, developmental psychology professor Beth Casey: "The take-home message is, 'Wake up and think about spatial skills.'" Still, the researchers sounded a note of caution: more than a third of the measurable difference between the sexes, they concluded, can be traced to girls' self-confidence. Apparently, the odds of gender and math are far from solved.

An 'innovation' under fire

In the eyes of many scholars, the university sector is a hotbed of academic freedom. Composed of faculty, students and administrators it makes critical decisions about pedagogical direction. Free from the more obvious line crossings of the board of governors. So when the B.C. government passed a bill last month to establish the new Technical University of British Columbia—also known as "Tech BC"—academics went hot. The reason: the new school will be based in Surrey, will have no senate, but instead will be run solely by a board of governors. Last week, the Canadian Association of University Teachers called for a worldwide boycott of the institution, with CAUT president Bill Branson warning that it poses a threat to the principal of "free and independent research." But while Branson says CAUT hopes to "make first-rate people think twice" before studying or teaching at Tech BC, the university's interim board chairman, Ron Dickson, predicts otherwise. "We're looking for people with new and innovative ways of doing things," says Dickson—especially in high-technology and science. "These people put less weight on traditional issues."

LOOK WHO TURNED FORTY!

CHFI turns the big four-oh this year and we want you to join our party. Thursday, September 4th from noon till 1:30, Nathan Phillips Square at Toronto City Hall will be the site of a huge backhome party. Elin Davis and Generations will perform live, we'll have all kinds of good food-good fun too, and give you the chance to win a Caribbean Vacation for two. So be there or be square...or something like that.

CHFI FM98
Toronto's perfect music mix

Funny girl, sad girl

BY JOHN NEMROSE

There is a moment in the Shaw Festival's current production of *The Seagull* when Fiona Reid elegantly balances the deep, contradictory emotions called up by Anton Chekhov's classic 1896 play. Her character, a dithy actress called Arkadina, is trying to cheer up Masha (Kerrie Kaslo), a dowdy young woman depressed by her lack of love. Intent on showing Masha how important it is to stay youthful, Arkadina strokes her hair with her hands on her hips and says, "There, you see, I did as best I could play a girl of 15."

Many actors would (and have) turned Arkadina's flow into an example of crumbing authority. But Reid's Arkadina is truly trying to help Masha, and so makes the scene far richer. Her restraint is funny, because the naturally Arkadina could obviously not play a 15-year-old girl. Yet at the same time, as she loses herself in a fantasy of youthfulness, her behavior becomes strangely delicate and sweet—as if, almost girlish—a poignant reminder of the spirit's quiescent resistance to the body's decay.

Reid's complex Arkadina works another triumph for one of the country's finest actors. At 46 she is a two-time winner of Toronto's *Dora Award* for Best Actress and has appeared frequently in theatres across the country—although anyone Canadian may recognize her best as Cathy, the part wife of Al MacInnis's character in the 1970s CBC series *The King of Kings*. For the past few years, Reid has spent her winters in Toronto, appearing at various company productions, and her summers at the Shaw Festival in Niagara-on-the-Lake, a two-hour



With Michael Ray in *The Seagull*: poignant fantasies of youthfulness

drive north of Toronto, where she will tour later this season in Harley Crowell Barker's drama *The Secret Life*. And while she has made her reputation chiefly as a comic actor—she mooned at parlaying the wit heroines who populate Noel Coward's plays—Reid's talents go beyond an ability to provoke laughter. "Fiona makes her comedy integral to the character," says Canadian Stage artistic director Bob Hark. "She has incredible comic timing, and knows how to work an audience. Yet she's never cheap, she never goes for the easy laugh."

The secret of Reid's talent is written in her face. The blond, blue-eyed actor is one of those performers—Bette Midler is a famous example—who seem completely at ease of how annoying they are. Exclaiming a funny line, Reid seems possessed by a kind of naive seriousness, as though humor were the furthest thing from her mind. Reid herself claims not to know how she does it. "I don't mind not understanding why I make people laugh," she says, sounding as if she does mind, at least a little. Perhaps it has something to do with how she can infuse her tameness with a sense of something seditious: at times, her face takes at a certain tenderness and vulnerability.

Born in England in 1951, the youngest of three, Reid spent much of her childhood moving between foreign countries—Germany, Nigeria, the United States—where her father, Graeme, was serving as a physician with the British army. When Reid speaks of her family, she makes it sound like something invented by Coward and never quite believed in. She characterizes her mother, Becky, as a cultured woman

asked by Peter Harkness's set, in which stylized trees—almost comical in their two-dimensionality—contrast with the shrew of the male lead in the distance. In the foreground, men and women drift about in conversation, gradually revealing the ties that bind them. They have come to watch a drama written by Constantine (Don Corbett), a young, aspiring playwright trying to impress Nina (Kim Hensley-Smith), the young, would-be actress who speaks to him. But Nina is enthralled with Trigorin (Jim Mallon), a famous author and lover of Constantine's mother, Arkadina (Fiona Reid), a successful



As Arkadina she smiles at portraying the lady heroines of Coward

bewildered by her casual duff in wit and humor, and she claims that Becky inspired her own comic style. "She's very funny, though she doesn't always realize it," says Reid, adding, "she's especially funny when she talks about anything sexual. And she seems able to make anything sexual."

Reid thinks that her father's frequent moves helped her become "a good mother and good observer of people." But the lifestyle also

encouraged a certain loneliness as a way of coping with change. "Because there was no continuity, I never got to know myself," Reid says. "I learned how to assume personas in different situations, to get by." Reid characterizes herself as an intensely curvy child who, during her father's Washington post, got locked out of bedrooms for being too aggressive—"I was a fighter. I should have tried to be a little like her." "I was in my 30s before I realized that I didn't always have to be so confrontational, and that there was a thing called human decency."

In 1964, the teenage Reid moved to Toronto, where her father had accepted a position with the Ontario ministry of health. At first unhappy with the stage WAGS she could rival the city, she finally began to settle down. Reid credits her high-school teachers with showing her the importance of her abilities. "They said, 'Look, you've got an IQ. Why are you wasting time?' They said so, I think." Reid began to earn high grades—and perfect her Canadian accent, though she adapts to its containing an intonation. Her daughter, nine-year-old Jaki, tells me that she is the agent of the person Reid is speaking to.

It was at McGill University in Montreal, in the late 1960s and early '70s, that Reid understood acting. At first, she says, she was capable only of showing off—all playing various versions of herself. And again, it was the timely intervention of a teacher, a Miss O'Connell, who set her straight. "She told me, 'What you're doing isn't acting.' What I needed to learn was how to stop performing and to become someone else." Graduating from McGill in 1972, Reid got off to a flying start. After brief stints in western Canada, she did TV comedy with such future stars as Julia Canby and Dan Aykroyd and improviser comedy at Second City in Toronto. Not long afterward, she joined *The Ring of Kongsberg* for three seasons, an experience she now says she won't be ambitious to fully appreciate. "All I could see was that I was in wonderful studios, and I wanted to be an actor doing Shakespeare and Shaw."

Reid got to do Shakespeare for two seasons at Stratford, but it was at the Shaw Festival, in the early '80s, that she came into her own. "At Shaw, I learned how to have fun with acting—to be relaxed enough in rehearsal to take risks, to fall flat on my face." Reid also credits her private life with giving her a stability that nourishes her craft. In 1987, she married McCowan Thomas, today the owner of a Toronto theatrical arts workshop. "He needed such calm and security," Reid recalls, "and I had them too many examples of that in the masculine form." They have two children, Jaki, and 11-year-old Alex.

Although a bona fide Canadian star, Reid is hardly getting rich. She says she made around \$30,000 in 1996—a particularly bad year—though 1997 is going much better. And on the whole, she thinks she has found satisfaction. "I'm exactly the career I want to," she muses. "I did actually blessed." ☐

Seamlessly weaving tragedy and comedy

THE SEAGULL

By Anton Chekhov
Directed by Neil Munro

Before a single line is spoken in the Shaw Festival's enchanting production of *The Seagull*, director Neil Munro makes it clear that this is going to be a comedy—that it's all right to laugh. As women put the finishing touches to an

outdoor stage on the estate of Sonin (Michael Reid), one of them trips on a board, which promptly springs up and smacks her in the face. The slapstick lowers up possibilities for all that follow. Yet Munro has laid a trap. Although much in the production is amusing, the laughter it evokes is frequently uncomfortable—liable to be quickly superseded by an awareness of life's sadness. Welcome to the world of Chekhov, where tragedy and comedy are so ingeniously intertwined that it is often impossible to tell which is which.

In the first scene, that ambiguity is greatly

enhanced by her casual duff in wit and humor, and she claims that Becky inspired her own comic style. "She's very funny, though she doesn't always realize it," says Reid, adding, "she's especially funny when she talks about anything sexual. And she seems able to make anything sexual."

Reid thinks that her father's frequent moves helped her become "a good mother and good observer of people." But the lifestyle also

moderately evident—and so is the havoc he must have wreaked, over the years, on the soul of his high-strung wife. Since he, it is used to great effect—for it is in the frequent pauses that the loneliness and solitude of the characters is felt most keenly. It is soon evident that these people are so deeply wrapped up in their own needs that they are comically incapable of addressing the needs of others. And that failure, ultimately, generates the play's tragedy. For one moment, until it is too late, how deeply Constantine is spiralling into depression. The show's crucial, penultimate scene be-

tween Nina and Constantine is played too slowly to sustain the required tension, but that is its only major flaw. For the most part, this is a deeply memorable *Seagull*, helped enormously by Canadian playwright David French's lucidly told 1977 translation. In fact, the whole production—in which Canadian accents are used, rather than the British ones so common at Shaw—feels deeply Canadian. Somehow, miraculously, generations of the play's tragedy are no more, until it is too late, how deeply Constantine is spiralling into depression. The show's crucial, penultimate scene be-

J.B.



McFarlane (left), Williams (right) and White (top left) *Legionnaire North America's No. 1 comic is now a hell-and-back saga on the big screen*

Dawn of Spawn

Two Canucks conceive a blockbuster

BY JOE CHIDLEY

It is hard to imagine two guys who less resemble American entertainment industry heavyweights. With his T-shirt and shorts, and broadening demeanor, Todd McFarlane looks like the bass player in a garage band. And Steve (Spide) Williams—with his broad cut, intense and contemplative eyes—could pass for a major drill sergeant or a crated biker. But the duo's iconoclasm transcends appearances. For one thing, they are both ex-pat Canadians. McFarlane, who now lives in Phoenix, Ariz., was born in Calgary 36 years ago, and 34-year-old Williams, despite the so-called ranch he owns north of San Francisco, is a Torontonian lead and proud. And for much of the past decade, the two outspoken Canucks have been shaking up their respective fields. Almost singlehandedly,

artist McFarlane has revolutionized the comic-book industry with *Spawn*, the No. 1 comic book in North America, while Williams, as the animator behind such blockbusters as *Twister* and *Jurassic Park* and *The Mask*, has taken special effects viaducts to new levels. Now, the two Canadian rebels have teamed up for a small rebellion of a movie, *Spawn*.

Call it a match made in hell. With McFarlane's dark vision and Williams's over-the-top effects, *Spawn* is an action-adventure horror flick with a back from the dead superhero and more violence and grit than Superman ever dreamed of. And if things go as planned (and McFarlane and Williams are used to seeing that they do), *Spawn*, which opened last week, will be a hit in a summer season already packed with

so-called event movies. "I just assume we'll be the No. 1 movie in the States, and we'll see if we can't make it No. 1 worldwide," boasts McFarlane, who maintained creative control over the film version of his character. "I'm not very good at coming in second."

Confining a modest (for an action blockbuster)—\$60 million, and directed by first-timer Mark Dippe, *Spawn* stars relative unknown Michael Jai White as *N* Sennious, a political assassin for a shadowy U.S. government agency. Sennious is a killer par excellence, but when he begins to express doubts about his assignments, his boss, Jason Wynn (Mario Serrano), has him killed. Being an assassin, Sennious—horribly burned and, well, dead—goes to hell, where he cuts a deal with the devil, he can return

to the world of the living to see his beloved wife, Wendy (played by Theresa Russell) and avenge their deaths (over space), but in exchange he agrees to lead the demonic hordes to destroy mankind. Tryable in, once *Spawn*—a superhuman fighting machine with a face full of scar tissue and a body of impenetrable "tactoplasm"—is back on earth, he begins to second-guess his sinister bargain. While Claws (John Leguizamo), a hot, flannel-wearing demon who quotes John Wayne Gacy look like a chameleon, prods *Spawn* to seek his thirst for vengeance, a mysterious figure named Cypher (Neal Williams) urges him to fight the forces of evil.

With an over-the-top script and loose direction, the movie's high-moral message is clumsily redefined. But *Spawn* is redeemed in part by Williams's instinctive special effects—the hero's billowing cape, for instance, as a hauntingly beautiful creation in itself. In all, the movie should satisfy fans of the comic—and maybe draw in new ones.

By any measure, *Spawn* is already a phenomenon. And it has propelled McFarlane from obscurity to mastery of the North American comic-book industry. Not bad for a kid who had started relatively late—he was 17 and attending William Abernethy High School in Calgary when he began ex-

perimenting with the genre—and whose first position was not comics at all, but baseball. In fact, McFarlane played ball while a graphic arts student at Eastern Washington University, but the ball broke into the major league. As his baseball dreams soared, he turned to his true talent.

By the late 1980s, McFarlane had established himself as the most respected comic-book artist in the business. Working out of his then-home in New Westminster, B.C., he created some of the best-known titles for the Big Two American comic-book companies, Marvel and DC. With Marvel's *Spider-Man* in 1990, McFarlane's revamped web-slingers—more spindly and more psychologically tortured than his misanthropic previous incarnations—became the best-selling comic book issue of all time.

And then, in early 1992, McFarlane abruptly quit Marvel. "It was just the creative grind," he recalls. Along with his fellow Marvel apostates, he founded Image Comics that year. His first title for the new company was *Spawn*—a concept he had come up with in high school. "Of all the characters I created, *Spawn* was the guy," says McFarlane. "On some levels, his character is a great Iron Man. He's got a lot of bad attitude, and I'd say the same for me."

The first issue of *Spawn* sold more than 1.7 million copies in North America, and since then, it has cemented its No. 1 position through 46 issues. In an industry notorious for its artists' talents and paying few returns, McFarlane owns his creation—back, slash, and toy chest. His McFarlane Toys has sold more than 10 million *Spawn* figures around the world, since the company's creation in 1994. And then there are the CD-ROM and video *Spawn* games, and to mention the animated series

on American cable TV. No wonder McFarlane refers to his business, which he oversees from an above-garage office at his home, as "the *Spawn* Empire." And no wonder that, at last count, he was worth an estimated \$300 million.

When McFarlane set his sights on Hollywood way back in 1995, he approached Williams and Dippe, then the stars of George Lucas's giant visual effects house, Industrial Light & Magic. "Todd's a Canadian boy and a big hockey fan," recalls Williams, "so we hit it off right away." The best-known alumnus of the Sheridan College animation program in Oakville, Ont., Williams moved here for visual effects during his time at ILM, which he joined in 1988. It was Williams who convinced Steven Spielberg that *Jurassic Park*'s Academy Award-winning dinosaur effects could be digitally rendered, rather than created with the old stop-motion technology the director had originally planned. And the real star of the 1995 hit *The Mask* was Williams's artistry, which gave the superhero played by Jet Li a eye-bagging reality.

For the animator, McFarlane's hiring could not have been better. Williams was beginning to feel underappreciated for his work. "I think the film is on my own time, when I was told it was impossible by the studio," he says. "I think Williams uses a more colorful (and surprising) word to describe his bosses on the film—'he ended up collecting the Oscar' and 'he was increasingly frustrated with what he saw as Hollywood's abuse of special effects (he calls his work like *Twister* 'harmful pain')."

"We created a monster with *Jurassic Park*," says Williams, who went on up the screen's *Last World*, as "a piece of s---." It looked like a Macy's parade—terrible, ridiculous," Williams insists that he wants to make movies in which the effects support the story, and the other way around. Last year, he left ILM—sensibly, he says—to work on *Spawn* as visual effects supervisor over several years. "It was just a relief of putting the characters I built into movies I liked," says Williams. "*Spawn* was my ticket out."

As for McFarlane, *Spawn* the movie is just the beginning—his small place in a big parade. "He gives the impression that he won't be satisfied until his cartoon are in every kid's room, his video games in every kid's room, his video games on every computer and his movies in every theater," McFarlane—who lives home to his family, in his paternal relationship to his character, and to Michael Jordan, in his talent—is bent on empire-building. "That's what, and if you go to war, then it's hell or it's killed," he says. "Maybe that's why I came in I got no fear of death, and when I see the movie, and I got a lot of them." Those are brave, even barbaric, words. But then again, like Williams, McFarlane has never been afraid to bag on Superman's cape. □

Allen Fotheringham

John Crosbie's salty kiss and tell

One of the eternal mysteries of politics is the great word "if" "if" this had happened, who would know what might have followed? History is littered with the might-have-beens of "if."

The most interesting, if not intriguing, "if" of modern Canadian politics is the patientest survivor: John Crosbie. If the most intelligent was never to become prime minister had succeeded in his lambing quest, what might have happened to this strange, staggering country? Who knows? If, if.

Part of the mystery unfolds in his autobiography, *An Abish Borel: My Life in Politics*, to be published by McClelland & Stewart this October. The delightful Crosbie lets his intellectual pants down, as it were, and tells all about himself and about his enemies (oh boy, especially the latter).

The wonder is that he got on as he did, considering a family problem. It's called bores. He was barely born when grandfather Sir John Crosbie—Newfoundland's minister of finance in 1924—died in 1932 after "a history of alcoholism, like a number of other Crosbie men through the generations."

Young John's father used to take off on a "bac"—a bender that might last for a week or 10 days. His younger brother, Andrew, who lost the family fortune, was a schoolie. His older sister had five more problems, fell down five times and broke her neck.

And bad news, John, who had his first pangs at age 3? He lost the struggle, as the Irish call it, but—as he modestly puts it—"I did finish high school. I did well academically. Of the seven scholarships available to graduating students, I won five and tied for a sixth. I was the University Medalist in law and awarded the Vincent Bonnet Fellowship for postgraduate study by the Canadian Bar Association."

No one ever said John was a dull boy, and he proved it in his own long career, adding as a little bit more about extraordinary Newfie politics than we need. It's good stuff, though, for political junkies and the grand Crosbie gift for anecdote and quips shines through.

His later years were filled, headed by Joey Smallwood "and his legions of Liberal brother-croppers." Joey "was more than a despot. He was corrupt. The only living Father of Confederation not only



betrayed the trust and stole the dream of the people of our poor province, but also stole their money, living like a colonial King. Put on bribes and kickbacks from people who did business with his government."

Crosbie, who fired Joey's cabinet in disgust and joined the Tories, states that he and "my old schoolboy friend Frank Mulroney" who became premier in 1972, could have put Joey on trial. "That Frank didn't have the stomach for putting a living legend behind bars."

And Mulroney, who went to a Toronto grammar school with Crosbie? "Frank is not unintelligent, but he wants to be liked." He "always enjoyed the good life, the high life, the high life, and he didn't change by one iota when he became premier. He loved travel, fine restaurants, salmon fishing, partridge hunting, water, booze, late nights, and as little work as possible. In the summer, people would say Frank had gone aprier to aprier."

Senator Pat Carney, I predict, will sue when the book comes out. Sheila Copps? When she was late for a free trade debate, Crosbie helpfully explained to the audience that she had been "delayed because of a personal breakdown in her house."

Clyde Wells? An premier "dropping himself in the path of a Newfoundland parliament and provincial rights champion, thereby proving one of three things: lawyers have no principles, politicians have no scruples, or the public has no memory. Or all three."

Businesspeople? "Businesspeople will always tell you when a controversy develops. They won't back you up. When it comes down to a fight, they disengage, leaving you stranded." Mulroney/McRory? "With Crosbie at the Terry Lewis trial, a conversation was a crucial hand behind Joe Clark and Brian Mulroney. Brian Frederick dispiritedly went to the Clark box to plead with him to withdraw. Millions on TV saw Joe shake his head, while Mulroney "was aware going, telling the Newfoundland press, 'Puck off, you need!'"

A pro all his adult life who overcame his shy, daffled early style with the help of a Dale Carnegie instructor, he is willing with Kim Campbell and "the women, now disengaged" over "a top party official arrived to see her on her Montreal-Ottawa campaign bus, she was in a private compartment with her Russian boyfriend. "When the official finally got to see her, her lipstick was smeared and her hair was matted. It was obviously he'd been arking."

Crosbie observes "I have nothing at all against me." But, if he is very gracious, and shrewd, about his known floundering for the leadership when he squatted his lack of French with German and Chinese. He says, accurately, that the Tories can get a majority only if they have a Quebec leader, not a French-speaking leader, but a leader from Quebec.

In the end, he says, stubborn, earnest—and doozed—Joe Clark did the right thing in not surrendering his deplorable to Crosbie, knowing that his despised enemy Mulroney would win. The party had to have a bilingual leader: Joe is one who will enjoy this book.



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